

The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Manchurian Opium and Japanese Cigarette Monopolies Expand Into North China

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(By the Review's Hankow Correspondent)

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SATURDAY, FEBRUARY 8, 1936

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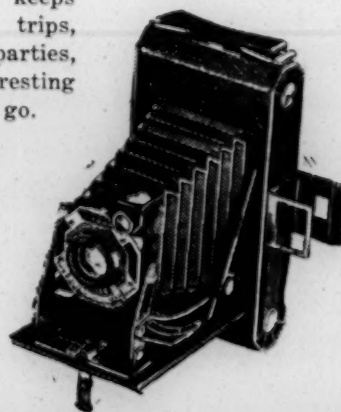
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The China Weekly

REVIEW

Formerly Millard's Review

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A DRUG STORE COMEDY IN HARBIN

IN NEARLY every country of the world except the United States, when a prospective customer walks into a pharmacy—or drug-store, as Americans usually term such an establishment—he goes there with only one object, namely to buy what non-Americans naturally expect to buy there, namely pharmaceutical preparations, and nothing else. In the United States, however, drug stores have expanded the range of articles to be sold to such an extent that medical preparations, in a large percentage of such establishments, play only an inconsequential role in the daily receipts. We will not attempt to enumerate all the articles which have no possible connection with drugs, that you can buy in drugstores collectively in the United States—but they run into thousands—in some of them they sell such things as shoeblacking and newspapers. All of them sell ice-cream soda and other soft drinks. In the days of prohibition many a drugstore made a handsome profit out of selling whisky on the prescriptions of doctors, who prescribed it for the "health" of their bibulous patients. Now, with prohibition gone, many of the drugstores have added alcoholic drinks to the list of potables which they dispense to the public.

With this background readers of *The Review* of all nationalities will appreciate the humor of an incident which was reported recently in the Russian newspapers of Harbin. It seems that two passing American tourists who had already imbibed a little too much, happening to see a drugstore, dropped in, and seated themselves at a table, hoping to be served with a drink just as they were accustomed to be in their homeland. They spoke no Russian, but in English asked to see the "list of drinkables." A Russian lad who was present who had learned a few words of English volunteered to act as interpreter. He figured it out that what these Americans wished to see was a "list of the liquid drugs" which the establishment had for sale. When this was brought to the visitors (in Russian, of course) they pointed at random to one of the items. It happened to be a weak ammoniacal solution. They set the bottle on the table, then motioned that they wanted two glasses.

These having been brought, they poured out a portion and, in imitation of what they had seen the Russians do with vodka, gulped it down at one draught. Their eyes watered a bit and they made some remark about Russian vodka having even a bigger "kick" in it than they expected; at any rate, they started to pour out another portion. This was a bit too much for the

Russian druggist. He dashed the bottle out of their hands and called for the police. The two Americans were taken to a hospital, where some one who really could speak English explained the situation somewhat on the lines above related. The incident served as one more exemplification of the old adage that one half the world doesn't know how the other half lives.

Manchurian Opium and Heroin Monopoly Expands Into North China

AN American army officer once said that those who had appraised Japanese military strength had overlooked the opium and heroin trade as a potent arm of Imperial Japanese conquest on the Asiatic Continent. He said that the dope trade, conducted by a nondescript crowd of Japanese ronin and Korean adventurers, but nevertheless well organized, should be classed, along with the army, as a definite branch of the conquering and pacifying system. Opium and heroin perform two important functions: they are cash products which bring quick returns and high profits and their widespread use among the natives has a deadening effect, thus facilitating pacification of the people both preceding and following military conquest. It is more than a coincidence that the dope trade has always followed the Imperial Army, particularly the Kwantung branch which controls Manchuria. League of Nations reports for years have told of the illicit manufacture of opium derivatives by Japanese and Korean interests within the Kwantung leased area of South Manchuria and it is now generally known that one of Japan's first official acts following the formation of the puppet state of Manchukuo was the creation of an opium monopoly which not only produces and sells opium but also manufactures derivatives. The same thing was done when the Japanese took over the Island of Formosa from China following the Sino-Japanese war, the monopoly being created for the purpose of "facilitating suppression," but it is still in operation and its revenues have not materially decreased although some forty years have elapsed since the island became Japanese territory.

In describing the expansion of the Manchurian opium monopoly into North China there is no desire or intention to condone Chinese participation. The Chinese produced opium in Jehol, Suiyuan and Shansi Provinces long before Japan took over Manchuria and created the Manchukuo Opium Monopoly as a branch of Emperor Pu-Yi's puppet administration. Chinese interests also controlled the transport of opium by camel caravan from Turkestan through Mongolia to Peiping, the Turkish opium being of a much higher grade than that produced in Jehol. But while the Chinese raised poppies, produced opium and sold it the trade was not, until quite recently legalized under a monopoly system and on several occasions in the past had been

suppressed entirely. China's attitude on the opium question has been somewhat similar to the attitude of the American people on the liquor issue although there probably never was a time when opium was sold openly all over the country.

It has remained for the Japanese to commercialize the narcotic trade, both opium and derivatives, and officially propagate the use of the drugs among the people generally, that is, among non-Japanese. The Japanese are careful to keep the drugs out of Japan and strictly prohibit their use among the Japanese, although there recently have been indications of wholesale smuggling into Japan proper from Manchukuo.

Readers of *The Review* will remember articles published in these columns last year dealing with the opium and dope traffic in Manchukuo and the Demilitarized Zone which were based on investigations made by Miss Muriel Lester, well known English social worker who spent considerable time inspecting the situation at first hand. Miss Lester's reports, made public by the League's Committee on Opium and Narcotics, not only showed the hideous nature of the dope traffic in Manchukuo but also proved beyond question that the Demilitarized Zone was being used as a base for the further propagation of the traffic south of the Great Wall. Now the next chapter: on Friday, Jan. 31 the *Peiping Chronicle* published an account of a police raid on gambling and opium houses in the Chinese city which resulted in the arrest of 654 persons, including several Japanese, Formosans and Koreans. Only three houses located in the Chienmen and Tung Ssu Pai Lou districts were raided, the first being the Chiaotung hotel on Hsi Ho Yen, outside Chien Men gate. Here 186 persons were arrested and a large quantity of heroin and opium seized in addition to considerable gambling equipment. The proprietor of this house was a Korean named Chin. The next place raided was the Hsuannan restaurant in Hsi Liu Shu Ching which netted 971 persons, the proprietor of this house, either a Japanese or Korean, managing to escape. The last place raided was the Tung San apartment house in the East City where 197 gamblers and drug addicts were arrested. This place was run by a Chinese who had foreign (Japanese) protection. The Japanese, Formosans and Koreans were handed over to the Japanese Embassy but thus far no-

thing has been stated as to the punishment they received. Gen. Chen Chi-yen, director of the Public Safety Bureau, announced that all the Chinese employes of the joints would be severely punished while the drug addicts would be turned over to the Municipal hospital for the treatment of addicts. The police report stated that two other Japanese ronin-operated smoking and gambling places have been deserted since the raid, apparently due to fear on the part of the customers of another raid. But foreigners in Peiping who have investigated the situation claim there are more than a dozen such houses, all run by Japanese subjects, the situation in Peiping being exactly similar to that which prevailed in Mukden after the Japanese occupation of that city in the fall of 1931. On the day following the raid the Japanese announced that four Japanese gendarmes would in future accompany all trains operating between Peiping and Mukden for the purpose of preventing Japanese ronin and Korean dope dealers from traveling on the line without tickets or creating disturbances in the cars.

Foreigners who visited the opium and gambling joints located outside Chienmen gate, stated that in all cases the proprietors said they obtained their opium supplies from Japanese dealers who represented the Manchukuo Opium Monopoly in Jehol. In all cases the houses used for opium-smoking and gambling purposes had first been rented from the owner by a Chinese agent, who in turn had sublet the premises to a Japanese who guaranteed protection. The Japanese (or Formosan or Korean) then sublet each room in the place to another Chinese who used it for opium or gambling purposes.

In Tientsin, where the opium and narcotics supplies also come from Manchukuo, the situation is being managed differently. Hsiao Cheng-ying, Mayor of Tientsin and concurrently Governor of Chahar who probably stands closer to the Japanese military leaders than any other Chinese in the Northern political set-up, recently told Chinese newspapermen in Tientsin that he didn't intend to permit the foreign concessions in Tientsin to enjoy a monopoly of vice. Pointing out that the hai-alai gambling institution was located in the Italian Concession and that practically all opium and dope trade as well as Chinese prostitution was concentrated in the Japanese Concession, Mayor Hsiao declared his intention to throw the Chinese city of Tientsin, including the various "special areas," otherwise ex-foreign concessions, "wide-open" for everything. On Jan. 29 the Tientsin papers published reports stating that 50 official sales agencies for opium would be opened in the Tientsin native areas immediately and that each of the official agencies would be operated by a "contractor" and that all opium placed on sale through the agencies would be taxed at the rate of about ten cents per *liang* (每兩納稅約一角). Following this announcement it was stated that the government had drafted "anti-opium" regulations requiring all addicts to register. Those over

60 years of age would be permitted to smoke without restriction; those between 30 and 60 would have their doses "gradually" reduced under official supervision over a period of six years. It was hoped that the habit could be eradicated in this period. Those under 30 years would be prohibited from smoking. The system was officially labeled, "prohibition by taxation." Aside from this announcement the Tientsin newspapers, Chinese and foreign, have published considerable about the plans for the creation of the Tientsin monopoly bureau, which most persons regard as merely a branch of the Manchukuo Opium Monopoly as all supplies will come either from Jehol or areas further west which the Japanese now control. It was reported in Kalgan several weeks ago that shipments of Turkish opium were now being escorted through Suiyuan and Chahar provinces, along the Peiping-Suiyuan railway by Japanese armed guards who remained with the cargoes until they reached their destinations in Peiping and Tientsin. This means that the Japanese, in addition to their other acquisitions in North China in recent weeks have succeeded in obtaining complete control of the North China opium revenues, China's chief "cash crop," and that the amalgamation of North China with the Manchukuo Opium Monopoly will provide Japan with enormous revenues and economic advantages with which to control this section of the Chinese Republic.

In further reference to the new Tientsin opium bureau, or "inspection office" as it was termed in the newspaper reports, the director is Chi Wei, who was appointed by the Hopei-Chahar Political Council. It was stated that a similar bureau will be created at Peiping shortly, the new dope deal having been made necessary by "special circumstances in the North." A long report in the *North China Star* on December 29 quoted statements of Chinese officials regarding plans to "gradually suppress" poppy production as well as opium consumption at the rate of 20 percent a year, following which the *Star's* correspondent remarked, "All this sounds impressive, if the experiment is successful, but whether the trial fails or succeeds, it will certainly be a money-making proposition for the authorities while the experiment is in progress." Quoting the officials as to their plans, the report in the *Star*, written by Eddie Hoo, Chinese member of the staff, said that a depot would be established in Tientsin which would carry stocks sufficient for all the addicts in the city. Dealers will be licensed, the fees ranging from hundreds to thousands of dollars depending upon the productiveness of the municipal areas to be served. In conclusion the article said that the officials were experiencing considerable difficulty due to suspicions of addicts who had thus far refused to register in order to be classified for "consumption" purposes. This report mentioned the name of Hu Chieh-san as administrator of the bureau under the direction of Major Hsiao Cheng-ying.

Japan's Tobacco Monopoly Bureau Also Advances into North China

Imperial Japanese tobacco interests with the powerful backing of the Japanese government tobacco monopoly and the so-called Special Service (secret service) department of the Kwantung army which controls Manchuria have inaugurated a campaign which has as its objective the elimination of occidental as well as Chinese cigarettes from both North China and Manchukuo. A report published in the *Chugai Shogyo Shimpō* (Tokyo) on Jan. 24 stated that the Cigarette Monopoly Bureau of the Ministry of Finance, assisted by the Special Service branch of the Kwantung Army which is controlled by Gen. Kenji Doihara, had brought about an agreement for a division of territory between the two leading semi-official Japanese tobacco interests which function in North China and Manchukuo, the Toa Tobacco Company and the Manchurian Tobacco Company. In accordance with the agreement the Manchurian Tobacco Company will have the Manchurian field while the Toa, or "East Tobacco Company" will expand its operations in North China and competition between the two organs, both semi-official branches of the Imperial Japanese Tobacco Monopoly Bureau, will be discontinued. The Manchurian Tobacco Company, which has been gradually expanding its operations outside of the zone of the South Manchuria Railway company, since the Manchurian occupation in 1931, is now completing a new factory in Changchun that will give the concern a production capacity of 1,500,000,000 cigarettes annually. As to the activities of the Toa company, which has had a small factory in Tientsin for several years, it was stated that this concern will also greatly expand its operations by constructing a new factory in Tsinanfu, capital of Shantung. The new factory will have an annual output of 1,000,000,000 cigarettes. Funds for the new development of the Toa company, amounting to Yen 4,000,000 will be raised through the sale of shares in Japan. A primary objective of the new Japanese development, largely explained in the support given by the Kwantung army, is the elimination of foreign cigarettes from these important markets which long have been dominated by the British-owned and operated British-American Tobacco Company and British Cigarette Company, closely affiliated enterprises which have their headquarters in Shanghai.

The *Hochi Shimbun* (Tokyo) published a dispatch from its Tientsin correspondent stating that Yin Ju-keng, chairman of the East Hopei Anti-Communist Autonomous "government" had completely detached himself from the control of Hopei Province. The Japanese correspondent declared that the 4,000,000 people residing within the area (Demilitarized Zone embracing 22 counties of northern Hopei and a section of south-eastern Chahar) "freed from maltreatment of the Nanking Government and the oppression of military-politics are now praising the paradise of

East Hopei." Referring to the recent visit of Chuchi Ohashi, Vice-Minister and Director of the Manchukuo Foreign Office, to Yin Ju-keng's "capital" at Tungchow on the outskirts of Peiping, the *Hochi Shimbun's* correspondent said it was likely that Yin "would extend formal recognition to Manchukuo in the near future." The Japanese papers in Tientsin stated that Yin and Ohashi had concluded a treaty containing a dozen articles which had placed the relations of Manchukuo (Puppet No. 1) and East Hopei (Puppet No. 2) on a normal basis. The report in the Tokyo paper said that Yin's new government, "despite its young age, has such a strong financial position that it has every appearance of a full-fledged autonomous government...it will shortly adopt a parliamentary system...it will shortly employ more Japanese advisers and take up seriously the matter of economic development within the area." Referring specifically to the financial situation it said that East Hopei formerly sent 8,000,000 to the Hopei provincial government out of its total revenues from taxation of \$12,000,000 annually. Now, however, it will use \$1,500,000 only for local police administration, \$500,000 for other administrative needs and the remainder will be used for the promotion of agriculture (chiefly cotton production) and other products to prevent recurrence of famine.

In further reference to the issue of finances in North China, an article by Earl H. Leaf in the *North China Star* said that finances were the chief concern of the numerous conferences held in Tientsin following the return of Major General Kenji Doihara from Mukden. Gen. Sung Chih-yuan, chairman of Hopei-Chahar, and his staff spent the entire China New Year period in Tientsin and then went to Laolung, Shantung, his native home, in order to participate in ancestral worship. It was rumored, however, that his real purpose was to confer with Gen. Han Fu-chu, chairman of Shantung on the issue of bringing Shantung into the Hopei-Chahar autonomous administration. A few days prior to Gen. Sung's departure from Tientsin Doihara flew to Taiyuanfu where he again demanded that Yen Hsi-shan should bring both Shansi and Suiyuan Provinces into the Peiping Council. The article by Mr. Leaf quoted statements by Japanese military officers to the effect that both Hopei and Chahar are now financially independent of Nanking; that all revenues of the Peiping-Mukden railway are remaining in the north; that all salt and consolidated taxes are being detained; that customs revenues are "being discussed." It was pointed out, however, that Yin Ju-keng's regime within the Demilitarized Zone has apparently come out ahead in the negotiations for he has, with Japanese help, succeeded in compelling the railway to give him \$100,000 a month and in addition has detained \$400,000 from the consolidated taxes, \$250,000 from salt, making a total revenue of about \$5,400,000 a year. Yin has now announced the starting of a new "Central"

bank which will issue notes. The sum of \$5,400-000 which Yin has seized, according to the writer in the *Star*, "amounts to a subsidy for Yin Ju-keng, the very man whom Nanking brands as a traitor to his country and a running-dog for the Japanese. It is common gossip in Peiping that Yin maintains two palatial residences in the former capital, in one of which reside his Japanese wives (two) and that he travels freely back and forth between Peiping and Tungchow without molestation by the authorities who are supposed to hold a warrant for his arrest. It is also rumored in Peiping that the Japanese military authorities have warned Gen. Sung Cheh-yuan that if anything happens to Yin he (Gen. Sung) will be held personally responsible.

The extent to which the Hopei-Chahar Council has achieved financial autonomy was indicated in a further article by Mr. Leaf in the *North China Star* on Feb. 2 stating, "there is not one Nanking appointee left in any major revenue producing post except the customs, but the change has been so gradual that its full significance has seemed to escape notice...and even in the Maritime Customs, Gen. Sung Cheh-yuan has his own man in one high post, Lin Hsu-yen, Superintendent of Customs, while a Japanese, Yoshiike Akatani, has been appointed Administrative Commissioner of the Tientsin office. Other revenue producing offices have passed out of Nanking's control due to Japanese pressure behind Gen. Sung and his Hopei-Chahar Councillors. Sung's appointees include:

Keh Ting-yuan, Changlu Salt Commissioner.

Yang Tien-kuei, Director of Consolidated Tax Bureau.

Chen Chueh-sheng, Director, Peiping-Mukden Railway.

Chang Tze-chi, Director, Tientsin Telephone Administration.

Lin Hsu-yen, Superintendent of Customs.

There has not, as yet, been any change in the Tientsin offices of the Tientsin-Pukow Railway, Tientsin Telegraph Office or Tientsin Postoffice, due, according to report, to the fear that interference with these organs might result in discontinuance of services. All magistrates and minor officials in the hsiens have been changed or have switched their allegiances to Gen. Sung or his two chief subordinates, Hsiao Chen-ying, Mayor of Tientsin, and Chin Teh-chun, Mayor of Peiping. All of the Central troops were long ago withdrawn from Hopei and Chahar and even Gen. Sung's last division in Chahar (at Kalgan) is now being transferred to southern Hopei to chase Liu Kwei-tang's bandits. Kalgan shortly will be taken over by the Japanese-supported "autonomous" Mongol government at Changpeh. The Chinese courts in the North are still nominally under Nanking's control, due, according to the article in the *Star*, to the fact that they are expensive to maintain and do not produce any revenue. Gen. Sung has, however, removed from the jurisdiction of the courts all cases involving treason, kidnapping, anti-Japanese activities and murders of certain types. All gamblers, opium smokers and dealers captured in the recent Peiping round-up were removed from the jurisdiction of the courts to the military courts controlled by Sung which meant that the heavy fines assessed went to the military rather than the civil courts.

The Japanese *Domei* news agency reported that Nanking had been forced to grant the Hopei-Chahar Council \$12,000,000 a year in order to prevent seizure and a Japanese scheme to negotiate a separate tariff agreement in the North with lower rates on Japanese products.

Border Clashes Cause Russo-Japanese Tension

SEVERAL clashes between the Manchukuo-Japanese forces on the one hand and Soviet forces on the other during the week have evoked sharp protests from both the Japanese and Soviet Governments. The incidents in themselves were of a more serious character than any of the many of a similar character that have occurred on the border between Manchukuo and Soviet territory during the past year or so. From the tone of the protests made on both sides one might be led to believe that the war which has so many times been predicted as inevitable between the two countries was on the verge of breaking out. But despite the acerbity of the respective protests there is nothing to indicate that either government will consider the events that have occurred other than "local incidents"—to use a term which recurred frequently in connection with incidents that took place during the past few years between China and Japan. Probably as good an indication of the fact that something much more serious will have to occur between the Soviets and the Japanese to induce them to put their huge war machinery in motion against each other is the fact that

the principal "White" Russian newspaper in Shanghai, the *Zaria*—nothing would suit the average "White" Russian better than to see the Soviet government embroiled in some foreign adventure, as the "Whites" figure that an inevitable incidental to such a contest would mean the overthrow of the Soviet system—gave prominence to an interview which they had with a spokesman of the local Japanese Consulate General in connection with the recent clashes near Pograditchnaya. The spokesman was quoted as saying, which one can quite readily believe is the fact, that neither Russia nor Japan wishes to go to war at the present time, incidentally mentioning what has already been stated, that the recent clashes would be treated as "local incidents." The cartoon by "Sapajou" (who is a "White" Russian) in the *North China Daily News* (reprinted herewith) in our opinion correctly reflects the situation between the two countries as it exists at the present time. However, the acid test for the Soviets will come when the Japanese will have continued their aggressions into Mongolia to the point where the Mongolians will appeal to the Soviets for action, instead of words, against the aggressor,

and that may eventuate in the not distant future.

The Soviets have undoubtedly a highly trained army and have also made enormous progress in their industrial life. Nevertheless, despite all the ballyhooing, the various industrial programs have extremely serious defects. Said fact can easily be established from the columns of the Russian official newspapers themselves, by piecing together the bits of information that are published from day to day and which usually do not get beyond the borders of the country—not because of the imposition of any censorship, but because few persons throughout the world who have the necessary linguistic ability to do so have ever taken the trouble to present the picture as it exists. It may be taken for granted that the Soviet newspapers have not exaggerated the accounts of the enormous number of wrecks that have occurred on the Soviet railways because of lack of co-ordination or defects in the rolling stock. The record for 1934 was that there were something like 50,000 wrecks of various degrees of seriousness on the Soviet railways in 1934, in the course of which more than 5,000 locomotives and 45,000 railway cars were damaged. Things have undoubtedly improved during the past year, an incidental of the new regime being that those held responsible for wrecks are frequently executed. Incidentally it not infrequently happens that the first news the Russian public gets that a wreck has occurred—is the announcement that so and so has been executed because of the fact that it had occurred. But despite all this it is evident that the Soviet administration feels that its transport system is far from measuring up to the requirements of a modern war, no matter how efficient in technique the Soviet Army is claimed to be, and doubtless is. The Japanese Army authorities likewise are not particularly keen on pushing matters to the point where war would occur. It is sufficient for their purposes at the moment that these border incidents help them in their campaign of impressing the Japanese public with the necessity of granting still larger appropriations for the use of the Japanese military forces.

As regards the clashes themselves, owing to the disparity between the Soviet accounts and the Japanese accounts it is somewhat difficult to get at what really happened. However there is one thing that both *Tass* and *Domei* agree upon. On

Jan. 30 in the Grodekovo district, a fully armed company of Manchurian soldiers sought asylum across the border in Soviet territory after having mutinied against their Japanese superiors. In the encounter (which occurred in barracks), four Japanese officers were killed. It is from that point on that the Russian and the Japanese accounts differed. *Domei* made the astounding statement



—By Sapajou in the North China Daily News

that the Japanese forces on the morning of Feb. 1 engaged in combat a force of men believed to be the above mentioned mutineers, as they attempted to cross into Manchukuo from Soviet soil! It would be a most extraordinary occurrence if mutineers who had fled after killing their superiors should return back across the border. What is more likely to have occurred is that the Japanese pursued the mutineers with the object of getting them back and punishing them, and in doing so actually went across the border. But it wouldn't do for a Government-controlled news agency to make an admission like that, because that is exactly what the Soviets had accused them of doing. So it was made to appear that the mutineers had come back. On this point we can the more readily believe the Soviet account which stated that the mutineers were disarmed and interned in Soviet territory.

Soviets Protest to Japanese Over Border Provocation

On Jan. 30, the Peoples Vice-Commissar of Foreign Affairs Stomonyakov, declared a determined protest to the Japanese.

Ambassador in Moscow, M. Ohta, in connection with the alleged invasion, on January 30, of Soviet territory in the region of Grodekovo by a Japano-Manchurian armed detachment.

Clashes on the Mongolian Border

Ulan Bator reports frequent provocations by the Japano-Manchurian troops on the Mongolia-Manchurian border. On January 23 south of the Mountain Nordokula, in the region of the Khorkhaito border outpost, the Japano-Manchurian soldiers, arriving in automobiles removed the border sign post. On January 24, the Japano-Manchurian troops destroyed the border sign posts opposite the outpost of Bainusu, 50 kilometers south of Kerulen river, also in the region of Lake Kharanur.

On the night of January 25, six Japano-Manchurian soldiers approached the Mongolian border outpost near the fishery of Lake Buyer Nor and opened rifle and light machine-gun fire on the outpost and after one-and-half hours of firing were driven away, the Mongolian outpost suffering no losses. On January 26 nine Japano-Manchurian scouts were noticed in the same district.

Details of Border Incidents as Reported by Three News Agencies

Moscow, Feb. 3 (*Tass*).—The Headquarters of the Special Far Eastern Army states that on Feb. 1 at noon the Japano-Manchurians again attempted to invade Soviet territory. Two Japan-Manchurian companies approached the border and took positions after which they sent a patrol into Soviet territory which was driven away by the firing of the border guards, and leaving one of their dead on our territory. Evidently one of the main aims of the provocative attack of the Japano-Manchurian troops is the desire to forcibly return the mutinied company to Manchuria and the additional aim to obtain at any cost "corporate evidence" by seizing and carrying away at least one Red Army man dead or alive. These lies and provocations of the Japano-Manchurian authorities and Headquarters of the Kwantung army are not new to the public opinion of the USSR and the Headquarters of the Special Far Eastern Red Army.

A serious clash between Soviet frontier patrols and detachments of Japanese and Manchukuo troops along the Manchurian frontier was reported in a dispatch from Habarovsk Jan. 31. According to the Soviet version, a Soviet patrol discovered four Japanese and Manchukuo soldiers two miles within Soviet territory, in the region of Grodekovo, in civilian clothes. The latter began firing when an effort was made to detain them and, immediately, 30 invaders appeared and opened fire. After having been reinforced by 25 men, the Soviet squad began to drive back the invaders towards the frontier, but here further detachments of Japanese and Manchukuo troops joined in the fray bringing the total of the opposing force to above one company.

As a result of the fighting, the "invaders" were forced to retreat back into Manchurian territory.

Changechun, Feb. 1 (*Domei*).—Citing the finding of a Soviet trooper among the dead at the scene of a combat between a Japanese-Manchukuo punitive force and a band of Manchukuo mutineers, the Kwantung Army to-day charged the Soviets with instigating the revolt of the frontier guards at Mishan on Jan. 29. Ten Japanese were killed and ten wounded in the subsequent engagement between the mutineers and the joint punitive force. Manchukuo losses were two killed and two wounded, with several suffering from frost-bite. The number of casualties among the mutineers was not given. Immediately upon receipt of reports that the Manchukuo troops had revolted, the communique stated, both Manchukuo and Japanese forces, with the exception of those indispensable for first-line defence, were mobilized and sent in pursuit of the mutineers. The northern frontier at Pogranichnaya was immediately closed and an encircling movement was begun from three sides, the pursuing forces moving in the direction of Chiupikou, Pingyangchen and Pantaiho. The punitive expedition overtook the mutineers in the vicinity of Frontier Sign-Post 21 at about one o'clock on Thursday afternoon. A combat ensued, but the mutineers managed to flee into Soviet territory, forcing their pursuers to cease firing.

Tokyo Feb. 1 (*United Press*).—Soviet Russia has lodged a protest with Japan as a result of the reported clash, on January 30, between Soviet border patrols and four persons reputed to be

(Continued on page 361)

Random Reflections Evoked by the Conviction of Frank J. Raven in the U. S. Court for China

BY GEO. W. MISSEMER

WITH the conviction of Frank J. Raven, the American community in Shanghai shares with the British community the ignominy of having a man who had been honored by the respective communities with the duty of representing them on the Municipal Council of the Foreign Settlement found guilty of criminal acts committed at the time when he was holding said office—but outside of the scope of his duties as Councillor. It may be recalled that in 1932-33 Mr. Raven was the only American on the Municipal Council—his running mate having been "knifed" by the Japanese, thus failing to get a seat. The British incident happened more than two decades ago—at the time of the rubber boom which saw the birth of the large number of rubber companies having estates in the Straits Settlements and vicinity which still survive to this day in Shanghai—and quite a few others that have not survived. The gentleman involved at that time was named Craig. His crime consisted of passing on to the Shanghai public a swindle which had been passed on to him from Singapore. He was a director in a local rubber company just then being formed which, as it turned out, had been loaded up with a swamp instead of a real rubber plantation. His offense consisted in concocting a fake telegram to be sent here from the south, on the basis of which the Shanghai public subscribed heavily to a company which in the end proved to have no tangible assets. The proceedings in that case in the local British Supreme Court proved to be quite brief. In the words of the presiding Justice (Sir Havilland de Sausmarez), the defendant had "honorably" confessed his crime. For said offense he was sentenced to four months imprisonment in what the British term the "second class"—which meant that he was accorded extraordinary privileges, including a stroll around the town now and

then. It was commented at the time that the sentence was less severe than had been imposed in England about the same time upon a poacher who had been found guilty of filching a rabbit from the estate of some noble lord. The Briton in question was a man of considerable wealth, was prominent in society, and owned one of the finest residences in Bubbling Well Road. But the sentence, light as it was, finished his career in Shanghai; he left immediately after his sentence was completed and has never visited these shores since.

In view of the fact that both Raven and his partner Brown have filed notice of appeal and at the same time have made application for bail pending the hearing of such appeal it will be *apropos* to recall several of the cases in the early history of the U.S. Court for China where these two matters came to the fore in a prominent manner. The first judge of the U.S. Court for China was Lebbeus Redman Wilfley, he having been appointed just after the Court was started three decades ago. He came here after serving as District Attorney in the Philippine Islands and he started office with the avowed object of either driving out or jailing a number of Americans whom he considered to be undesirable members of the local American community, these including both sexes. The two most prominent cases to come before him, almost at the very start of his taking office, were those of Charles Biddle and S. R. Price. Biddle had taken a thousand or more dollars from a group of Chinese for the privilege of conducting a betting establishment of their own in a hotel opposite the Race Course of which he was the manager. The location was valuable because the racing events could be seen from the windows. Up until that year the Municipal Council had allowed this "outside" competition. But that particular year, despite the fact that Biddle had got the hint from the Municipal

authorities that the Council would not allow the outside event, he nevertheless took the group's money. When the races eventually took place and the Chinese were forbidden to run their games, they demanded their money back. Biddle refused to give it up. The Chinese complained and the local Government authorities instituted proceedings against Biddle for obtaining money by false pretences. Judge Wilfley found Biddle guilty, sentenced him to twelve months imprisonment, and refused bail pending appeal. Almost contemporaneously another *cause celebre* was before the court, the defendant being one S. R. Price, a man whom Judge Wilfley had known in the Philippine Islands and against whom he apparently had considerable animus—not based on personal grounds, however. The case against Price was that he had threatened the then manager of St. George's with a deadly weapon. The point at issue was whether the revolver was loaded. Price was found guilty and sentenced to six months (or a year's) imprisonment. Bail for Price was also refused by the Judge in this case. It was a case of diamond cut diamond at the time. The Judge was determined at all hazards to keep Price in prison. In the subsequent libel proceedings against a British editor for libelling Judge Wilfley it was given in evidence that the committee in Washington (which investigated his conduct) criticized his methods, incidentally quoting the phrase from Shakspeare,

"Wrest once the law to your authority;
To do a great right, do a little wrong."

Just as determined as the Judge was to keep Price in jail, equally determined were his friends to get him out. On the basis of an affidavit filed by a citizen of San Francisco, which it was afterwards established stated that the Judge here *had refused to grant an appeal* (which was not true), a peremptory order by telegram was sent to the Judge from the Circuit Court in San Francisco to the effect that he must grant bail in the case of Price. Bail was fixed and was given. Of his own accord the Judge also offered bail for Biddle. But Biddle was unable to raise the G.\$4,000 fixed and languished in jail while his appeal was heard. The comedy, or tragedy if you like, of the Biddle case was that the Judge here was overruled on an elementary principle of law, namely that there could be no false pretences concerning a future event. Biddle had already served about nine months of his sentence when the sentence was quashed. The Price case in the meantime hung fire. The Appeal Court eventually ruled that in the absence of proof that the revolver was loaded the charge would have to be one of simple assault and returned the case here for re-trial on that basis. The retrial duly took place. The Judge then sentenced Price to three months imprisonment. Once more the question of an appeal came up and also of bail. The writer doesn't remember the exact details of this, but the comedy in this appeal was that the lawyers in this case made a tactical mistake in preparing the papers for the Circuit Court in San Francisco and of the two methods open to them for getting the case reviewed happened to choose the wrong one. One of the lawyers later sarcastically remarked that in order to make sure in such cases a lawyer would have to proceed by both methods simultaneously. At any rate the defendant in the end served his three months in the American jail in Shanghai, but so unpopular was that judge, particularly in the British community, which at that time controlled all the newspapers, that the fact that Price eventually had to serve his sentence was not mentioned in a single newspaper.

Coming back to the Raven-Brown case, the first thing to be noted is that in the intervening years the American criminal procedure has been considerably tightened up, largely due to the fact that it had been notorious in past years that gangsters, by taking advantage

of loopholes had to a large extent escaped punishment for their crimes—not so much in the Federal courts as in the State courts. Raven's counsel argued that his client, having acted on the advice of counsel, should be excused from his acts. Lawyers of course make their arguments for that particular case—they would not be doing their duty by their clients, by whom they are paid, if they didn't do so—but it would be a dangerous theory if criminals were to escape because of the fact that they had good legal advisers. It is notorious that leading gangsters in the United States have employed the "best" of lawyers, that is best in the sense of being experts in technicalities. A recent U. S. Supreme Court ruling rather imposes the duty on the Judge of *not* granting bail pending appeal except for very weighty reasons. At the time of writing, this matter of bail has not been decided. But there is no doubt about it that if the defendants are determined to fight out an appeal to the ultimate end they have one point on which they can reach the Supreme Court eventually, namely the technical point of whether an American accused of a crime in this community is entitled to a trial by jury. Judging by precedent it would require two years or more before the question would be definitely decided by the Supreme Court.

Comparisons between the American and British criminal procedure are frequently made in American newspapers and magazines. Here in Shanghai the two systems can be seen working side by side. One of the faults of the British system is that local juries are prone to stretch a point in favor of their fellow countrymen in criminal cases. However, when a Britisher is once sentenced to jail here, he stays put. No appeal in a criminal case has gone forward to London from here in thirty years, if ever. In any event the convicted Briton would stay in jail while the appeal is being heard. That is understood. The principal satisfaction that a convicted Briton can get out of a higher Court in England is "vindication." That happens extremely rarely. The spectacle of a man being tried for the fourth time concerning the same incident (a murder case now pending in California) is an event that is impossible to conceive of as happening in England.

As regards Raven himself his experience has been similar to that of many other men in the world's history who were "too ambitious." In his younger years, as a real estate salesman in a small way, he was making a fair living and if he had continued as such, he would probably have remained an honored member of the community. But with expanding business he decided to branch out, first in the banking business. When the then Judge, Charles S. Lobingier, quite rightly refused him permission to incorporate under the Federal Banking laws because he had not complied with the conditions, he, on the advice of his attorneys, incorporated his bank as a trading company under a state law with banking as a sort of side line. Through his missionary and religious connections he was able to build up a huge clientele among American missionaries in China, and they have been the principal sufferers (as a class) in his banking venture. When the bank seemed to be running smoothly he launched out still further, conducted his enterprises in a risky manner, took chances, and when he saw he was being caught, he did the same thing that many other persons in similar situations have done—risked other people's money in the hope that in the end some how or other things would come out all right. If they had, no one probably would ever have been the wiser; but they didn't and that is how he was found out. The result is that he finds himself in the *boosegow* (approximate Mexican pronunciation of the Spanish word "juzgado"—to be adjudged, or convicted.)

Ariyoshi Admits Not Everything Japan Does Is Just; Red Advance on Kweiyang Stayed

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. Retiring Japanese Ambassador Says Not Everything Japan Does to China Is Just.
2. Tokyo War Office Summons Conference to Discuss China Policy.
3. Major-Gen. Isogai Urges a "Clear and Firm" Policy Towards China.
4. Peiping Educationalists Oppose Hirota's Three-Point Program.
5. Peiping Authorities Deny Presentation of New Demands by Japanese.
6. Generals Sung Cheh-yuan and Han Fu-chu Confer in Shantung City.
7. Red Advance on Kweichow Capital Stayed With Arrival of Re-enforcements.
8. Hu Han-min Recovers from Indisposition but Undecided on Trip North.

Geographical, racial and cultural factors all combine in making Sino-Japanese co-operation, in the interests of Oriental peace and mutual prosperity, a necessity," Akira Ariyoshi, the retiring Japanese Ambassador to China, told press representations at Nanking on Jan. 31, according to *Domei*. "I assumed my post in China shortly after the Shanghai Incident of 1932, when the relations between the two countries were at their worst," the Ambassador said. "However, since then the situation has been steadily improving, especially after the statement on the promotion of international friendship jointly issued on June 10, 1935 by Gen. Chiang Kai-shek and Wang Ching-wei. "As you all know, the present difficulties were brought about by the developments in North China," he added. Mr. Ariyoshi said that Hachiro Arita, who will succeed him as the ambassador to China, was "a young but experienced man well-fitted for the task." He, however, predicted that Mr. Arita will face numerous difficulties when he assumes his new post. Mr. Ariyoshi urged that both countries ignore minor issues, saying that "we are apt to forget the general situation if we devote our attention solely to trivial matters." "If China and Japan dispose of minor problems in the spirit of generosity, it will not be difficult to achieve co-operation," he added. The Ambassador warned against thinking that everything that Japan or Japanese did was "just," and everything contrary to this was "unjust." "Japan, as one of the world's leading powers and the chief nation in the Orient, must always be mindful of this point," Mr. Ariyoshi concluded.

The "three-point program" of the Japanese Government and the general readjustment of Sino-Japanese relations were discussed between Akira Ariyoshi, Japanese Ambassador to China, and General Chiang Kai-shek, President of the Executive Yuan in evening of Jan. 30. During the interview, General Chiang expressed his appreciation of Mr. Ariyoshi's past efforts to bring about an improvement in the relations between the two countries, and voiced the hope that the Ambassador, on his return to Tokyo next month, will continue his efforts in this direction. General Chiang also stressed the need for frequent personal contact between Chinese and Japanese responsible officials.

After having bidden the leaders of the Nanking Government farewell, Mr. Ariyoshi returned to Shanghai by special train Jan. 31. Prior to his departure, Mr. Ariyoshi entertained members of the "cabinet" and Hsu Shih-ying at a dinner party in the Japanese Embassy. Mr. Ariyoshi will leave China for Japan on Feb. 8.

The declaration that, "in view of China's policies," it would be "very reckless" for Japan to take initiative in promoting Sino-Japanese economic co-operation was made Jan. 31 by Hachiro Arita, ambassador-designate to China, at a luncheon given in his honor by the Osaka Chamber of

Commerce and Industry, according to *Domei*. Mr. Arita pledged himself to continue Mr. Ariyoshi's policy of "wait and see." "We must be adequately prepared," he said, "to deal with China, not only in the field of economics, but in all other fields as well."

TOKYO WAR OFFICE TO CONFER ON NEW POLICY TOWARDS CHINA

The Japanese War Office has decided to convene in Tokyo this month an important conference of the central military authorities and the chiefs of all the Japanese military organs in China to draw up a concrete policy to meet the "changing situation" in that country, according to *Reuter*.

WORKING FAST ON THE MAP



—Dallas Morning News

The need for the conference is emphasized in military circles as a result of the recent visits to China of a number of senior Japanese officers. It is understood that the subjects to be discussed are:

- (1) Extinction of the anti-Japanese movement in China.
- (2) The policy to be pursued toward the North China autonomous regimes.
- (3) Japan's attitude toward the conference suggested by the Nanking Government for readjustment of Sino-Japanese relations.
- (4) A Sino-Japanese agreement for joint prevention of communism.
- (5) Measures to be taken to cope with the Outer Mongolian and China border issues.

Much importance is attached to the conference, as it is expected to result in a great change in Sino-Japanese rela-

tions late in February or early in March. To quote the Chief of the War Office Press Bureau—"The time has come for a show-down."

ISOGAI URGES A "CLEAR AND FIRM" POLICY TOWARDS CHINA

Only twenty four hours after his arrival in Tokyo Maj.-Gen. Rensuke Isogai, Japanese military attache from Shanghai, China, plunged into conferences with high Army officials on the morning of Feb. 3. The officer spent the entire morning reporting to Lieut.-General Sugiyama, assistant Chief of General Staff, who is leaving on February 8 on a tour of "Manchukuo" and North China, and Maj.-Gen. Yasuji Okamura, Director of the China Bureau of the General Staff. The reports, according to *Domei*, dealt with the following questions:

- 1.—The attitude of the Nanking Government leaders towards Japan.
- 2.—The results and prospects of the currency reforms promulgated on November 3.
- 3.—The change in the status of the Nanking Government, following the establishment of two autonomous administrations in North China.
- 4.—The anti-Japanese demonstrations staged by students.
- 5.—The influence of foreign interests upon the Nanking Government.
- 6.—The relations between Nanking and the South-western faction.
- 7.—The growing tendency towards autonomy in China's outlying territories.
- 8.—The communist movement in China.

Japan's policy towards China must be "firm and clear, leaving no room for Nanking's changes of heart." Major-General Rensuke Isogai told the press at Tokyo Feb. 2, on his arrival there. Nippon's "firm attitude," he added, was much more important in the solution of Sino-Japanese problems than the Nanking Government's sincerity in its relations with this country. He said that, in his belief, General Chiang Kai-shek sincerely wanted to adjust Sino-Japanese relations, but added that "courage is necessary to override the numerous obstacles besetting his path." Before the projected Nanking negotiations could be commenced, he went on, it was "absolutely necessary to liquidate" the anti-Japanese and anti-Manchukuo policy of the Kuomintang, "which constitutes the basis of General Chiang's regime."

Strong opposition to the three point program of Koki Hirota, the Japanese Foreign Minister, with reference to China, is expressed in a circular telegram just issued by the Peiping Cultural Circles' National Salvation Association. "Both in spirit and in content the so-called three principles of Mr. Hirota are nothing but plans for reducing China to the status of a colony," says the telegram. "To accept them would mean not only giving away more than 10 northern provinces but also allowing the cavalry of our enemy full liberty to overturn the whole of our country until we have become a subject nation. Whether the National Government has accepted these three points or agreed to them in principle, the Chinese people are determined to oppose them to the death."

PEIPING AUTHORITIES DENY PRESENTATION OF NEW DEMANDS BY JAPANESE

The highest officials at present in Peiping, interviewed by *Reuter* Jan. 30 concerning Chinese reports from Tientsin that demands aiming at the complete independence of North China had been presented by Japanese military leaders to General Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, stated they had heard nothing concerning any such demands and expressed doubt that they had been made.

Reuter reported that Major-General Doihara, chief of the Special Military Service Department at Mukden, will accept the post of adviser to the Hopei and Chahar Political Council. Major-General Doihara will be promoted to the rank of Lieutenant-General in March. Current reports that Maj.-Gen. Doihara has gone to Taiyuan or Tsinan were denied by Col. Imai, Japanese Military Attache, during a press interview in Peiping Jan. 31.

NO SETTLEMENT OF NORTH CHINA ISSUES REACHED IN NEGOTIATIONS AT TIENSIN

All negotiations held in Tientsin between Chinese and Japanese officials to settle affairs in East Hopei and East Chahar have failed to result in a satisfactory settlement, declared a high Chinese official in Peiping interviewed by *Reuter* Feb. 2. He stated that the Chinese suggestion that Yin Ju-keng, head of the so-called East Hopei Autonomous Council, be appointed mayor of Tientsin and his Council abolished, was turned down by the Japanese. On the other hand, he added, a Japanese suggestion that the six hsien in Chahar recently occupied by "Manchukuo" troops, be joined to the territory controlled by Yin's Council as a single, autonomous unit, was rejected by the Chinese.

Changpingchow, an ancient walled city 20 miles north of Peiping and within the so-called East Hopei autonomous state, was occupied Jan. 29 by a force of bandits numbering about 1,000. It is stated that the bandits first made an attempt to enter territory controlled by the Hopei-Chahar Political Council, but were prevented by General Sung Cheh-yuan's troops. The bandits then advanced towards Changpingchow, which they entered owing to the number of East Hopei militiamen stationed there being insufficient to check them.

The bandits who occupied Changpingchow have been turned over-night into "legal" possessors of that center. The change has been effected by Yin Ju-keng, head of the rebel East Hopei Regime, who, anxious amicably to liquidate the situation arising from their occupation of the town, has agreed to their retaining possession of it in the capacity of militiamen.

Reports received in Peiping Jan. 3 stated that about 600 militiamen who entered Changping, several days ago, evacuated the city and made their way towards Tangshan and Maohua, east of Changping. The reason for their evacuation is unknown.

GENERALS SUNG CHEH-YUAN AND HAN FU-CHU CONFER IN SHANTUNG

General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, arrived in his native town, Laolin, near the Shantung-Hopei border on Feb. 1, according to *Central News*.

General Han Fu-chu, Chairman of Shantung, left Tsinan for Laolin in Feb. 1 and conferred with General Sung Cheh-yuan.

General Sung Cheh-yuan returned to Tientsin Feb. 4 from Laolin. Shortly after his arrival, he left for Peiping.

According to *Reuter*, General Sung Cheh-yuan has telegraphed to the National Government recommending the appointment of Niu Chuan-shan, Chen Chun-fu and Chen Chiao-sheng as additional members of the Council. *Reuter* further reported that General Sung has decided not to urge General Shih Yu-shan to accept the post of Commander of the Preservation Corps in Peiping as the latter has repeatedly declined the appointment.

Admiral K. Oikawa, commander-in-chief of the Japanese third squadron, arrived in Canton Feb. 4 for a brief visit. He will make courtesy calls on Southwest leaders, including Hu Han-min. It is understood that Admiral Oikawa originally planned to visit Kwangsi, but has now cancelled the trip.

The *Chugai Shogyo Shimpo*, leading commercial daily in the Japanese capital, reported Feb. 4 that the South Manchuria Railway Company had been awarded a contract for the construction of 15 locomotives, valued at ¥16,000,000, for the Nanking Government. The Dairen Engineering Works of the S.M.R., the report continued, have also concluded an agreement with Gen. Yen Hsi-shan, pacification commissioner of Shansi Province, to build a number of railway passenger coaches at an estimated cost of ¥740,000.

A handsome pension for the family of the assassinated Mongolian leader Ne-Ma-Erh-Teh-So-Erh, reserve member of the C.E.C., was approved by the Standing Committee of the Central Executive Committee at its meeting Jan. 30.

Current reports that Wu Hao-lin, member of the Mongolian and Tibetan Affairs Commission and the Mongolian Political Council at Pailingmiao, had been assassinated by unknown gunmen near Changpei in Chahar proved to be incorrect, according to *Central News*. Mr. Wu is now

residing at Prince Teh's headquarters at Pangkiang, northern Suiyuan. Mr. Wu went to Changpei some time ago to interview Prince Teh on important affairs. He also attended a meeting called by Tso Shih-hai, Commander of the Mongolian Peace Preservation Corps who was recently named chief of the bogus "League" in Chahar.

654 GAMBLERS AND OPIUM SMOKERS ARRESTED AT PEIPING

No less than 654 people, including several Koreans and six Chinese women were arrested in Peiping Jan. 29 when the police raided three gambling and drug dens in different parts of the city, according to a *Reuter* report. Considerable quantities of opium and heroin were also seized. The police were accompanied by Japanese consular police, to whom the arrested Koreans were handed. The proprietor of one house, a Korean, was among those taken into custody. During recent weeks, at least a dozen such houses have opened in Peiping with little attempt at cover, their identity being openly stated. The promoters generally were Koreans and the bad Japanese elements. These houses run all forms of gambling games, including roulette, while on the upper floors opium and heroin are freely obtainable, and prostitution is not uncommon.

interviewed by Chinese pressmen at Peiping Feb. 1, General Chen Chi-yen, Director of the Bureau of Public Safety of the Peiping Municipality, said that the preliminary examination of the 654 arrested persons had been completed. He took a very serious view of the case and said that he had decided to recommend to the military authorities that the extreme penalty be imposed on those who ran the three gambling establishments.

RED ADVANCE ON KWEICHOW CAPITAL STAYED WITH ARRIVAL OF RE-ENFORCEMENTS

The Red forces menacing Kweiyang, capital of Kweichow, now threaten that city from three directions, from the north, the east-northeast and the southeast, according to a *Reuter* message from Peiping Feb. 3. A large force of Reds has reached Sinteng, 55 miles north of Kweiyang, and threaten to move southwards, while other columns are threatening the city from Kweiting, 30 miles east-northeast and from Lungli, only 15 miles southeast. Yunnan troops, however, are reported to have arrived in Kweiyang to strengthen the defenses of the city, and some airplanes have also arrived there. It is stated that the Red forces in Kweichow total 50,000 men, of whom half are armed with rifles. *Reuter* reported from Canton Feb. 2, that the Communists under Hsiao Keh and Ho Lung have advanced beyond Kweiting, 35 miles east of Kweiyang, capital of Kweichow. All available provincial troops in Kweichow are being mobilized to defend the capital.

Owing to the increasingly tense situation on the Kweichow-Kwangsi border in consequence of the advance of the Reds, General Li Chung-jen, the Kwangsi commander-in-chief, who has been in Canton conferring with Hu Han-min, will shortly return to Kwangsi. Divisions of Kwangsi troops appear to be concentrating in the vicinity of Tuchun, in southern Kweichow, ready to fight the Communists should the latter attempt an invasion of Kwangsi after the capture of Kweiyang, which is expected momentarily.

More reassuring news concerning the situation in Kweichow was received in Canton Feb. 4 from the provincial authorities, who state that fighting between the Reds and Central Government forces raged all day that day at Mapaitung, and that the latter, after routing the invaders, recaptured Chehshiu. The Reds are now attempting to advance to the west in order to reach the Yunnan-Szechuan border, where they intend to join their comrades under Chu Teh and establish a Soviet regime.

Both Szechuan and Yunnan are reinforcing their frontiers and are massing troops along the borders to repulse to be concentrating on the frontier. It is also stated that General Liu Hsiang has despatched eight Szechuan airplanes to Weiyang to assist the Central Government forces to bomb the Reds.

With Kweiyang facing the danger of capture by Reds, anxiety is being felt in Canton for the safety of the foreign missionaries there. As far as can be learned from the Catholic Mission in Canton, two French bishops, seven priests and 10 Canadian sisters are normally stationed at Kweiyang,

and it is believed that they are still there. The British and American missionaries, however, have already evacuated. The Americans included Mr. and Mrs. Daniel Cratts, of the China Inland Mission, who have withdrawn to Szechuan. The German priests at Lungjen and other parts of northeast Kweichow evacuated several months ago.

A wholesale round-up of Communists in Suiyuan was carried out on January 13 by General Fu Tso-yi, Chairman of Suiyuan, according to Major Yoshiro Hayama, Japanese Special Service representative in that province, who arrived in Tientsin Feb. 2 to confer with military authorities there on the suppression of the Communist movement. The Reds, Major Hayama told *Domes*, entered the Province late last year with instructions from the Comintern to start an uprising during the Lunar New Year celebrations, and also to assassinate General Fu and himself. General Fu, the officer said, is planning to organize a special Anti-Communist Corps, on special instructions from General Yen Hsi-shan, Pacification Commissioner of Shansi. This, Major Hayama asserted, may be regarded as indicative of the Chinese desire to co-operate with Japan and Manchukuo in the suppression of the Red movement in North China.

Communist remnants under Hsu Hai-tung are threatening to invade Northern Shansi following their repeated failure to establish strongholds in Northern Shansi, according to *Central News*. Recent air bombardments by Government forces are stated to have caused heavy casualties on the part of the outlaws now cornered in Wayaopao, a point about 90 kilometres west of the Shansi border.

Red administrations have been established in Jenhsien, Chulo and other districts in South Hopei, according to a statement made by the Japanese military spokesman in Tientsin Jan. 30. The spokesman added that the small detachments of General Shang Chen's troops remaining in the region were endeavoring to suppress the Reds. Meanwhile, the Japanese press asserts that the influence of the Communists is extending to Honan and Shantung and that the Red doctrine is finding favor among flood victims.

HU HAN-MIN RECOVERS FROM INDISPOSITION BUT UNDECIDED ON TRIP NORTH

It was officially stated in Canton on Feb. 2 that Hu Han-min, chairman of the standing committee of the Central Executive Committee, had recovered from his indisposition and would attend receptions and conferences, but had not yet decided on the date of his departure for Nanking. Mr. Hu has declined the invitation extended him by the Kwangsi authorities to visit Kwangsi, owing to the present state of his health. General Huang Cho-hsu, Governor of Kwangsi, and General Pai Chung-chi, Kwangsi military leader, are shortly coming to Canton by plane to urge the Southwest statesman to visit Nanning.

According to a *Central News* message from Nanking, Mr. Hu is leaving Hongkong for Shanghai enroute to Nanking on Feb. 3. The Nanking authorities, it is learned, originally planned to charter a plane to fly to Hongkong to convey Mr. Hu to Nanking, but as the latter is not used to traveling by air on account of his health, the plan was abandoned. Mr. Hu, therefore, will come to Nanking by boat.

In view of the fact that Mr. Hu is coming to Nanking shortly, Sun Fo, President of the Legislative Yuan, will not leave for South China for the time being, according to Liang Han-tsao, Secretary-General of the Yuan.

Colonel Iselin, the Swiss Chairman of the Sino-British Commission for the demarcation of the Yunnan-Burma boundary, has effected a compromise between the Chinese and British members regarding the boundary separating southern Yunnan from Burma which for over a month has been the subject of discussion. According to the compromise reached, the boundary line is to start from the 97th boundary post on the northern bank of the Nating Ho (river), southwestwards through the confluence of the Nam Hkwan (river) and the Lu Kiang (river), and northwards along the Nam Hkwan (river). A number of villages outside the original yellow boundary line, including Nanta and Huhsuan, are to revert to China. The members of the Commission will leave for Lufang, from Huhsuan, shortly to continue their task. Col. Iselin, Chairman of the Commission, was nominated by the League of Nations.

Chronological Record of Events in China in 1935

COMPILED BY THE EDITORIAL STAFF OF "THE CHINA WEEKLY REVIEW"

JANUARY 1935

- 1.—New Inspector-General of Military Training General Tang Sheng-chi, Chairman of Military Advisory Council General Chen Tiao-yuan and Minister of Justice Wang Yung-ping sworn into office.
- 1.—New Chekiang Chairman General Huang Shao-hsiung and various Commissioners of Chekiang Provincial Government took oath of office.
- 1.—General Chiang Kai-shek returned to his home town, Fenghua, from Hangchow, (where he received Finance Minister Dr. H. H. Kung and Kwangtung Finance Commissioner Ou Fang-pu on silver and financial questions), to spend his New Year Holidays.
- 1.—Government troops in Kweichow recovered Huangping from the Communists.
- 2.—Chang Wei-cheng, reserve member of C.E.C. and member of the Executive Committee of Shantung Provincial Party Headquarters, assassinated at Tsinan.
- 4.—War Minister Ho Ying-chin called on General Chiang Kai-shek at Fenghua.
- 4.—General Li Tsung-jen and Chow Lu called on Hu Han-min at Hongkong to discuss the political situation in South China.
- 4.—French Minister M. Wilden protested against the Chinese Government's action restricting the activities of the International Savings Society.
- 4.—High officials of Japanese Kwantung Army Headquarters held important conference at Dairen to discuss policy towards China.
- 5.—The main force of the Communists under Chu Teh and Mao Tse-tung in Kweichow fled to Tsengyi, northern Kweichow, and captured the city.
- 5.—General Chiang Kai-shek issued circular telegram to Kiangsu, Chekiang and 8 other provinces prohibiting poppy cultivation in these provinces.
- 8.—Ministry of Foreign Affairs lodged third protest with Japanese Government against deportation of Chinese citizens from Japan.
- 6.—The Huai Tung Postal Transmission Office (the private postal agency handling mail traffic between China Proper and the Northeast with offices at Kupeikow and Shanhaikwan) signed agreement with the Hopei Provincial Postal Office to undertake the transmission of mails.
- 7.—Vincenzo Lojacono, first Italian Ambassador to China, arrived at Shanghai.
- 9.—General Ho Ying-ching left Nanking for Shansi en route to Peiping to resume his post as Chairman of the Peiping Branch Military Affairs Commission.
- 10.—Postal service between China Proper and the Northeast resumed today.
- 11.—The Staff Corps to Szechuan headed by General Ho Kuokuang of the Nanchang Military Headquarters arrived at Chungking.
- 14.—State Councillor Ma Chao-chun and new members of the Legislative Yuan for the 4th term sworn into office.
- 15.—Chairman Li Yung of Sinkiang and Border Defense Commissioner of Sinkiang General Sheng Shih-tsai issued joint telegram reporting on prevailing conditions in that province.
- 15.—General Chiang Kai-shek arrived at Shanghai by airplane from Ningpo.
- 15.—Ambassador Liu Wen-tao presented his credentials to the Italian King and was received in audience.
- 16.—Japanese troops in Jehol moved towards Dolonor and situation in eastern Chahar became tense.
- 16.—General Chiang Kai-shek called on Marshal Tuan Chijui at Shanghai.
- 17.—Japanese Army Headquarters in Jehol announced that punitive measures would be taken against the Chinese troops in eastern Chahar.
- 17.—General Ho Ying-chin returned to Peiping to resume his office.
- 17.—The Huai Tung Postal Transmission Office at Shanhaikwan bombed by Chinese student, no casualties resulted.
- 18.—Japanese Kwantung Army Headquarters issued communique announcing determination to suppress General Sung Cheh-yuan's troops in eastern Chahar.
- 18.—General Chiang Kai-shek returned to Nanking.
- 18.—General Huang Fu departed from Peiping for Nanking.
- 19.—A mixed force of Japanese and "Manchukuo" troops moved towards Kuyuan, eastern Chahar.
- 19.—General Huang Fu arrived at Nanking to confer with General Chiang Kai-shek and Wang Ching-wei on North China situation.
- 19.—Tsengyi, northern Kweichow, captured by the Communists on Jan. 5, recovered by Kweichow troops.
- 20.—Dr. Wang Chung-hui called on General Chiang Kai-shek and Wang Ching-wei to report on his discussions with

Hu Han-min in connection with the question of Nanking Canton rapprochement.

- 23.—Japanese troops bombarded Tungshatze, eastern Chahar, claiming the district to be part of "Manchukuo."
- 24.—Japanese troops bombed Kuyuan and Tushihkow, eastern Chahar, and inflicted heavy casualties.
- 24.—Standing Committee of C.E.C. of Kuomintang defined the principle of news censorship as follows: all news and comments made in good faith can be freely published, but the propagation of principles contrary to the San Min Chu Yi will not be tolerated.
- 24.—Japanese troops occupied Tungshatze, eastern Chahar.
- 25.—Japanese troops bombed Tushihkow and other districts in eastern Chahar and continued to advance.
- 25.—The first Italian Ambassador, Vincenzo Lojacono, presented his credentials to Chairman Lin Sen of the National Government.
- 25.—Legislative Yuan held secret session to discuss the Chahar affair.
- 26.—Chahar affair to be dealt with as a local issue and settled by the Peiping Branch Military Affairs Commission with the Japanese Kwantung Army Headquarters.
- 28.—Third anniversary of the opening of Sino-Japanese hostilities in Shanghai observed throughout the country.
- 28.—Japanese troops withdrew from Tungshatze, but occupied two more villages of Kuyuan.
- 28.—Revenue Department of Finance Ministry announced the abolition of 2,600 kinds of miscellaneous and exorbitant taxes.
- 28.—New Chinese Minister to Panama, Sheng Chin-tin, sailed abroad for his post.
- 29.—Japanese Minister Akira Ariyoshi called on Foreign Minister Wang Ching-wei in connection with the Chahar Affair and the anti-Japanese situation in China.
- 29.—Dr. Wang Chung-hui declared that Canton-Nanking rapprochement was now only a matter of time.
- 30.—Japanese Minister A. Ariyoshi had one-hour interview with General Chiang Kai-shek.
- 30.—Kan Nai-kwang resigned from posts as Vice-Minister and Acting Minister of Interior.
- 31.—General Lu Ti-ping, resigned Chairman of Chekiang, died at Nanking.
- 31.—Nanchang Provisional Headquarters of the President of the Military Affairs Commission officially abolished today.

FEBRUARY

- 1.—General Chiang Kai-shek issued important statement on China's foreign policy and the Sino-Japanese situation.
- 2.—Sino-Japanese delegates held peace conference at Tatan, western Jehol, to discuss measures of settlement of the Chahar affair.
- 2.—General Chiang Kai-shek departed from Nanking for Kiangsi by gunboat.
- 4.—General Chiang Kai-shek arrived at Kuling, Kiangsi.
- 6.—Major-General Doihara, head of the Secret Service of the Japanese Kwantung Army, arrived at Peiping on tour of inspection.
- 8.—Major-General Doihara called on high Chinese officials in Peiping.
- 9.—Szechuan Army recovered Tungkiang from the Communists.
- 9.—Major-General Doihara arrived at Tientsin.
- 10.—New Szechuan Provincial Government inaugurated at Chungking. Chairman Liu Hsiang issued statement on planned reforms.
- 10.—Pachung in northern Szechuan recovered from the Reds.
- 12.—Executive Yuan appointed Li Ping-heng China's delegate to the International Labor Conference at Geneva.
- 12.—Executive Yuan accepted resignation of General Ho Chikung as Chief Secretary of the Peiping Political Council and appointed Yu Chia-chi as his successor.
- 13.—Telegraphic communications between China Proper and the Northeast resumed.
- 14.—General Chiang Kai-shek, interviewed by Japanese correspondents, declared that there was necessity for Sino-Japanese co-operation, but righteousness should be the principle in the adjustment of Sino-Japanese complications.
- 14.—China Travel Service announced its dissociation with the Eastern Tourist Bureau which had been jointly organized by China and Japan to handle traffic matters on the Peiping-Liaoning Railway.
- 15.—General Huang Mu-sung, Special Envoy of National Government to Tibet, arrived at Shanghai from Lhasa by way of India.
- 16.—Dr. Wang Chung-hui left Shanghai for Europe by way of Japan and America.
- 16.—General Chiang Kai-shek arrived at Nanchang from

Kuling by plane. Nanchang Military Headquarters having been abolished, General Chiang decided to establish a new Headquarters at Wuchang.

- 16.—General Huang Mu-sung arrived at Nanking to report to the Government on his mission to Tibet.
- 16.—Currency Advisory Committee formed at Nanking with Finance Minister H. H. Kung as Chairman.
- 17.—Major-General Doihara arrived at Shanghai.
- 19.—First anniversary of the New Life Movement observed throughout the country.
- 19.—Executive Yuan appointed General Hsueh Yo, Commander of the 4th Army (the famous "Ironsides"), Pacification Commissioner of Kweichow.
- 19.—Dr. Sven Hedin, the famed Swedish explorer, decorated by the National Government.
- 19.—Dr. Wang Chung-hui arrived at Tokyo.
- 20.—Wang Ching-wei in speech at the Central Political Council explained China's fundamental policy towards Japan and declared that sincerity should be the guiding principle in the settlement of all Sino-Japanese complications.
- 20.—Major-General Doihara arrived at Nanking.
- 20.—Dr. Wang Chung-hui called on Japanese Foreign Minister Koki Hirota to exchange views informally on the Sino-Japanese situation.
- 21.—General Chiang Kai-shek arrived at Hankow by gunboat.
- 21.—Major-General Doihara entertained at dinner by President Wang Ching-wei of the Executive Yuan.
- 21.—Dr. Wang Chung-hui called on Japanese Premier Admiral Okada and War Minister Hayashi to inquire concerning their views on Sino-Japanese rapprochement.
- 22.—Major-General Doihara returned to Shanghai after a visit to Nanking and planned to tour South China.
- 23.—Dr. Sven Hedin received in audience by Chairman Lin Sen of the National Government.
- 23.—Dr. Wang Chung-hui exchanged views with high officials of Japanese Navy and War Offices, including former War Minister Araki.
- 26.—Executive Yuan appointed Tao Lu-chien and Hsu Hsiu-chih as Political and Administrative Vice-Ministers of Interior.
- 27.—Cotton Mill No. 7 of Sung Sing Company in Shanghai, owned by Yung Chung-chin, popularly known as China's "Flour King," auctioned by the Hongkong and Shanghai Banking Corporation, first mortgagor.
- 27.—Central Political Council passed resolution ordering protection of life and property of the people and their freedom of trade.
- 28.—H. H. Kung and T. V. Soong flew to Hankow to confer with General Chiang Kai-shek on financial matters.

MARCH

- 1.—New Provisional Headquarters of the President of the Military Affairs Commission at Wuchang officially inaugurated.
- 1.—The communications section of the Military and Communications Investigation Mission abroad headed by Yu Fei-peng arrived back at Shanghai from America.
- 2.—General Chiang Kai-shek telegraphed to Nanking endorsing the speech of President Wang Ching-wei on Feb. 20 on China's fundamental policy towards Japan.
- 2.—General Chiang Kai-shek arrived at Chungking by plane.
- 2.—Major-General Doihara had long interview with Hu Han-min at Hongkong on Sino-Japanese relations.
- 3.—Major-General Doihara arrived at Canton.
- 3.—Second anniversary of the loss of Jehol observed.
- 4.—Dr. Wang Chung-hui issued farewell statement, expressing gratification that something had been accomplished by his visit to Japan to end the unfortunate estrangement between China and Japan during the past few years.
- 4.—Canton papers prohibited to publish any news about the activities of Major-General Doihara in Canton.
- 4.—Hu Han-min issued statement in connection with Major-General Doihara's visit to the South, stating that he agreed to the proposal for co-operation between China and Japan, but the cooperation must be based on the teachings of Dr. Sun Yat-sen "to ally ourselves in a common struggle with the peoples of the world who treat us on the basis of equality." Solution of all troubles between China and Japan must precede any attempt at co-operation.
- 5.—Major-General Doihara arrived at Nanning, Kwangsi, by plane to see Generals Li Tsung-jen and Pai Chung-hsi.
- 5.—Dr. Wang Chung-hui departed from Japan for America.
- 6.—British Legation at Peiping issued statement denying that Great Britain had proposed a loan to China.
- 7.—Japanese Minister Akira Ariyoshi called on Wang Ching-wei, expressing satisfaction over Mr. Wang's speech on Sino-Japanese relations on Feb. 20.
- 7.—Finance Minister H. H. Kung declared that there had been discussions of an international loan to China, but the loan was far from being materialized.
- 8.—Major-General Doihara returned to Canton from Kwangsi on way to Fukien.
- 9.—The military section of the Military and Communications Mission headed by General Hsu Ting-yao arrived back at Shanghai from abroad.
- 10.—Major-General Doihara departed for Foochow from Hongkong.
- 12.—10th anniversary of the death of Dr. Sun Yat-sen observed throughout the country.
- 12.—Yellow River registered sudden and abnormal rise and threatened to inundate all the southern districts in Hopei.
- 12.—General Chang Fah-kwei, former Commander of the 4th Army (the famous "Ironsides"), arrived back at Shanghai after a prolonged tour of several years abroad.
- 13.—Central Political Council appointed General Huang Mu-sung Chairman of the Mongolian and Tibetan Affairs Commission.
- 16.—China addressed identical notes to the Governments of Great Britain, France, Japan and the United States, defining China's stand in regard to the Chinese Eastern Railway and declaring that any unilateral action on the part of the Soviet Union in the disposal of the railway to any third party without China's consent would be null and void.
- 16.—Japanese Kwantung Army Headquarters issued order prohibiting the entry of Chinese workers and peasants into the Northeast.
- 16.—General Chiang Kai-shek issued stern order prohibiting military interference in civil administration.
- 18.—Ministry of Foreign Affairs released statement to the interested Powers in connection with the illegal sale of the Chinese Eastern Railway by the Soviet Union to "Manchukuo," declaring that China fully reserves her rights over the Railway.
- 20.—Central Political Council sanctioned the issuance of the 24th fiscal year Currency Bonds to the amount of \$100,000,000.
- 20.—Yellow River in southern Hopei continued to rise and situation critical.
- 20.—Good-will plane of Japanese newspaper *Asahi Shimbun* arrived at Nanking from Tokyo.
- 21.—General Chen Chi-tang, dominant military leader in Kwantung, placed Rear-Admiral Chang Hsi-yuan, Commander of the Kwantung Fleet, under surveillance as the first attempt to reorganize the Kwantung Naval Forces under his personal command.
- 22.—Major-General Doihara returned to Changchun to report on his observations in China.
- 23.—The agreement of sale of the Chinese Eastern Railway by the Soviet Union to "Manchukuo" with Japan guaranteeing payment of the purchase price signed at Tokyo.
- 23.—Finance Minister H. H. Kung issued statement, denying that China was seeking a British loan of £10,000,000.
- 23.—Faculty of the National Chungshan University at Canton issued statement, opposing the action recently taken by Nanking and Tokyo in bringing about Sino-Japanese rapprochement.
- 23.—General Chiang Kai-shek arrived at Kweiyang, provincial capital of Kweichow, by airplane, to direct campaign against the Communists in Kweichow.
- 25.—Shih Ching-yang, formerly Chairman of the Mongolian and Tibetan Affairs Commission, died at Shanghai.
- 27.—Central Political Council appointed General Chiang Kai-shek Full-General of the Special Grade who in that rank is Commander-in-Chief of China's Land, Navy and Air Force.
- 28.—Chang Kia-ngau, General Manager of the Bank of China, appointed Deputy Governor of the Central Bank.
- 30.—Chow Lu, prominent Southwest Political leader, issued statement, denying Japanese press reports in connection with Major-General Doihara's interview with him to the effect "I am well-informed of the 'spirit' on which 'Manchukuo' is founded." Mr. Chow asserted what he actually said was "If Sino-Japanese co-operation is desired, Japan should return the four Northeastern Provinces and cease her military activities in China."
- 30.—The Board of Directors of the Bank of China decided to divide its capital of \$40,000,000 between government and commercial investment.
- 30.—General Chiang Tso-ping, Chinese Minister to Japan, left Tokyo for a tour of inspection to Formosa and Korea.
- 31.—Major-General Doihara at a press interview at Shimonoseki warned Japan against "blindly aiding" the Nanking Government.
- 31.—Major-General Doihara in interview with *Asahi Shimbun* declared: "All China is turning pro-Japanese and the Chinese in general appear to regard 'Manchukuo' as *fait accompli*."

APRIL

- 1.—General Chiang Kai-shek at press interview in Kweiyang announced he was launching a new movement to be known as "The People's Economic Reconstruction Movement" as a adjunct to the "New Life Movement."

- 7.—T. V. Soong elected Chairman of the Board of Directors of the Bank of China in succession to Li Ming, resigned.
- 2.—Pu Yi of "Manchukuo" departed from Changchun for Japan on a visit to the Japanese emperor.
- 2.—Y. Suma, Japanese Consul-General at Nanking, in an interview with the *United Press*, said that Sino-Japanese rapprochement was far from being accomplished.
- 2.—General Chiang Kai-shek ordered dismissal of General Tien Tsung-yao, Commander of the 2nd Route Szechuan Communist-Suppression Army, from his post and his detention pending trial and punishment on charge of delinquency of duty.
- 3.—Communists under Chu Teh and Mu Tse-tung retreated from Hsifeng in Kweichow after suffering several severe reverses.
- 4.—8 Airplanes contributed by the employees of the post offices and telegraph offices christened at Nanking.
- 5.—General Chin Shu-jen, former Chairman of Sinkiang, sentenced by Kiangsu High Court to three and a half years' imprisonment and deprivation of civil rights for five years on the charge of instigation of foreign menace to the State by his illegal conclusion of the Soviet-Sinkiang Commercial Treaty.
- 6.—Chu Teh, Commander-in-chief of the Communist Forces in Kweichow, reported killed in action.
- 6.—Pu Yi of "Manchukuo" arrived at Tokyo.
- 6.—General Wang Chia-lich tendered his resignation as Chairman of Kweichow.
- 8.—Japanese diplomatic and consular conference opened at Shanghai to remain in session for three days.
- 8.—Ma Chao-chun assumed office as Mayor of Nanking.
- 8.—"Manchukuo" established a Special Service Office in Tientsin.
- 9.—Yungshun, Red stronghold in southwestern Hunan, captured by Hunan troops.
- 9.—National Government approved the extension of the lease of the Japanese Concession at Kungchenchiao in Hangchow for another 30 years.
- 10.—Hu Han-min issued statement, offering eight measures for the solution of the Far Eastern Problems.
- 10.—Japanese Consular officials expressed dissatisfaction with efforts of Chinese Government in connection with suppression of anti-Japanese activities in China at their conference in Shanghai.
- 10.—General Ho Yao-tsu and Chang Nai-yen, Minister to Turkey and Belgium respectively, left China for their posts.
- 11.—Chahar Chairman General Sung Cheh-yuan visited Prince Teh of the Inner Mongolian Local Autonomy Political Council at Pankiang and conferred with him on Mongolian League affairs.
- 12.—Generals Wang Chia-lich and Yu Kuo-tsai of Kweichow assumed posts as Commander and Deputy Commander of the 2nd Route Pursuit Army of the Communist Suppression Forces.
- 13.—General Chiang Kai-shek recommended to the Government the exemption of farm land tax for one year in Kweichow.
- 14.—General Chang Hsueh-liang arrived at Kweiyang by airplane to see General Chiang Kai-shek in connection with the anti-Red campaign.
- 15.—Japanese Minister A. Ariyoshi called on President Wang Ching-wei to bid him farewell on leave to Japan and expressed satisfaction regarding the suppression of the anti-Japanese movement in China.
- 15.—Major-General R. Isogai, the new Japanese Military Attache, arrived at Shanghai.
- 16.—Executive Yuan accepted resignation of General Wang Chia-lich as Chairman of Kweichow and appointed General Wu Chung-hsin his successor.
- 18.—General Chen Chi-tang unified command of Kwangtung's land, navy and air force with his assumption of the concurrent post as Commander-in-chief of the Kwangtung Fleet.
- 18.—Chen Chung-fu, member of the Southwest Political Council, called on Japanese War Minister Hayashi and exchanged views with him on the Sino-Japanese relations.
- 19.—General Tsai Ting-kai, formerly Commander of the 19th Route Army, arrived at Hongkong after a prolonged tour in Europe and America.
- 20.—Panchen Lama, Spiritual Leader of Tibet, arrived at Lanchow, provincial capital of Kansu, by airplane on way of return to Tibet.
- 20.—Akira Ariyoshi, Japanese Minister to China, left Shanghai for Japan to report on Sino-Japanese relations. There were persistent reports that Mr. Ariyoshi was resigning.
- 21.—Korean silver smugglers fired at and injured Chingwang-tang customs officials.
- 22.—American Economic Mission to China arrived at Shanghai.
- 22.—Soviet Ambassador D. Bogomoloff returned to China from furlough at home and arrived at Shanghai.
- 23.—General Chang Hui-chang appointed Chinese Minister to Cuba.
- 23.—New Japanese Military Attache Major-General R. Isogai arrived at Nanking and called on President Wang Ching-wei.
- 23.—American Trade Mission called on Mayor Wu Teh-chen of Shanghai and departed for Nanking by night train.
- 23.—Akira Ariyoshi called on Foreign Minister K. Hirota and reported on the Chinese political situation.
- 24.—Mongolian Local Autonomy Political Council held 2nd plenary session.
- 24.—Ministry of Foreign Affairs cabled Minister Chiang Tso-pin in Japan, instructing him to hasten negotiations with the Siamese Minister in Tokyo for the conclusion of a Sino-Siamese Commercial Treaty and the abandonment of oppressive measures of the Siamese Government against the Chinese citizens in Siam.
- 25.—American Trade Mission received in audience by Chairman Lin Sen of the National Government and returned to Shanghai by air in the afternoon.
- 25.—Kung Shao-jen and Yen Cheng-hung, descendants of Confucius and Yenfutz, arrived at Kobe, Japan, on invitation of Japanese to participate in the dedication ceremony of the new Confucian Temple in Tokyo.
- 25.—Chinese Minister at Washington Dr. Sao-ke Alfred Sze called on U. S. Secretary of State C. Hull, expressing serious concern over the U. S. Silver Policy.
- 26.—National Government issued Mandate ordering exemption of farm land tax in Kweichow for one year.
- 26.—General Li Chi-sen arrived at Hongkong to see General Tsai Ting-kai.
- 26.—Shanghai Chinese General Chamber of Commerce and 15 other public bodies gave reception to American Trade Mission.
- 27.—Ying Tung, Managing Director of the Peiping-Liaoning Railway, arrived at Mukden to see Major-General Doihara of the Kwantung Army.
- 27.—Russian Ambassador D. Bogomoloff arrived at Nanking to resume his post.
- 27.—Chinese Minister at Washington Dr. Sao-ke Alfred Sze cabled Finance Minister Dr. H. H. Kung, reporting on his conversations with the United States Government regarding the silver question.
- 29.—Ting Chao-wu and six other supervisory Commissioners of Control Yuan took oath of office at Nanking.
- 29.—Russian Ambassador D. Bogomoloff called on President Wang Ching-wei and declared on behalf of his Government that Soviet Russia has no territorial ambitions in Sinkiang.
- 29.—Ying Tung arrived in Japan to participate in the Japanese Tourist Conference.
- 30.—Settlement reached between Mongolian and Suiyuan Authorities concerning the revenue collection in the border regions of the two provinces.
- 30.—Second Plenary Session of the Mongolian Local Autonomy Political Council concluded; more than 40 resolutions passed.
- 30.—Szechuan Provincial Forces occupied Red stronghold Chaochua, western Szechuan.
- 30.—American Trade Mission arrived at Canton.

MAY

- 1.—Chairman Wu Chung-hsin and other new members of the Kweichow Provincial Government assumed their duties.
- 1.—General Chang Hsueh-liang arrived at Kweiyang to interview General Chiang Kai-shek and report on the results of his inspection of troops in the Northwest.
- 2.—Ying Tung called at the Japanese Foreign Office.
- 3.—Legislative Yuan ratified the International Postal Pact.
- 3.—Pai Yu-yuan, editor of *Cheng Chuan Pao* (pro-Japanese) in Tientsin, assassinated.
- 3.—Hu En-pu, editor of *Kuo Chuan Pao* (pro-Japanese) in Tientsin, assassinated the previous night and died today.
- 4.—New Sino-French Commercial Treaty Relating Siam and Chinese Border Provinces signed by President and Foreign Minister Wang Ching-wei and French Minister M. Wilden at Nanking.
- 4.—American Trade Mission visited Tsingtao.
- 4.—Important secret documents addressed to Japanese Kwantung Army discovered at the house of Pai Yu-yuan, the assassinated editor of the *Cheng Chuan Pao*.
- 6.—American Trade Mission arrived at Tientsin and called on local authorities and leading bankers and businessmen.
- 6.—Hopei Provincial Government issued order prohibiting export of silver.
- 6.—Shantung Chairman General Han Fu-chu called on General Feng Yu-hsiang at Mount Tai in Shantung.
- 9.—Nanking and various provinces and municipalities observed the May 9th National Humiliation Day.
- 9.—Legislative Yuan President Sun Fo departed from Nanking for a tour of inspection to the Northwest.
- 10.—General Chiang Kai-shek arrived at Yunnan provincial capital, Kunming, from Kweichow.

- 10.—Important Communist leaders including Hsu Chiu-pai, Chang Liang, Chow Yueh-lin captured in Fukien and sent to Lungyen military headquarters for trial and punishment on the 7th and 9th inst respectively.
- 11.—Japanese Foreign Minister K. Hirota notified interested Powers regarding elevation of Japanese Legation in China to the status of embassy.
- 12.—Sino-German Cultural Association formed at Nanking.
- 13.—Finance Ministry released for publication financial reports for the fiscal years of 1932 and 1933.
- 13.—General Liu Chen-nien, former commander of 21st Division, (who warred against Shantung Governor Han Fu-chu in Shantung in 1934, but whose troops were subsequently transferred to Chekiang,) shot at Nanchang, Kiangsi, by order of General Chiang Kai-shek's Provisional Headquarters.
- 13.—China and Japan formally agreed on exchange of ambassadors.
- 14.—Executive Yuan appointed Hsu Kan Administrative Vice-Minister of Finance.
- 16.—Chinese Minister to Turkey, General Ho Yao-tsu, presented credentials to the Turkish Government.
- 16.—Both the United States of America and Great Britain decided to elevate their diplomatic representations in China to the status of embassy.
- 17.—Foreign Ministry officially announced the exchange of ambassadors between China and Japan and promotion of Minister Chiang Tso-pin as the first Chinese Ambassador to Japan.
- 17.—Examination Yuan President Tai Chi-tao tendered resignation.
- 18.—China and Germany decided to elevate their diplomatic representations to the status of embassy.
- 20.—General Ho Ying-ching visited Taiyuan, Shansi, to confer with General Yen Hsi-shan on the bandit situation in Shensi.
- 20.—Fifteen warships of Central Government Fleet staged summer maneuvers.
- 21.—General Chiang Kai-shek left Yunnan for Kweichow by air en route to Szechuan to resume direction of the Anti-Red Campaign.
- 21.—Executive Yuan decided upon appointment of Dr. Chu Hao-hsiang as Chinese Minister to Belgium succeeding Dr. Chang Nai-yien, resigned.
- 21.—Cheng Hsiao-shu, Prime Minister of "Manchukuo", forced to resign post and Chang Ching-hui appointed his successor.
- 22.—General Chiang Kai-shek arrived at Chungking by air from Kweichow.
- 22.—Official announcement made of promotion of Quo Tai-chi and Sir Alexander Cadogan as the Chinese and British Ambassadors respectively.
- 23.—General Ho Ying-chin returned to Peiping from visit to Taiyuan.
- 24.—American Trade Mission interviewed General Chiang Kai-shek at Chungking.
- 24.—Legislative Yuan President Sun Fo returned to Nanking from inspection tour to the Northwest.
- 25.—General Chiang Kai-shek entertained American Trade Mission at Chungking.
- 26.—General Chiang Kai-shek flew to Chengtu to direct anti-Red campaign.
- 26.—Sun Yung-chin, Jehol volunteer leader, reported killed.
- 27.—Examination Yuan President Tai Chi-tao flew to Chengtu to see General Chiang Kai-shek.
- 27.—Executive Yuan President Wang Ching-wei conferred with General Huang Fu at Shanghai on North China problems.
- 27.—Finance Minister H. H. Kung summoned meeting of Chinese bankers and business leaders in Shanghai, discussing the problems of financial relief.
- 28.—Executive Yuan decided upon appointment of Wu Sung-kao as Director of the International Affairs Department of the Ministry of Foreign Affairs.
- 29.—Central Political Council decided on appointment of General Chiang Kai-shek as concurrently Inspector-General for Opium Suppression.
- 29.—National Government issued Mandate commending Yeh-Cheng-Hute-Kue-Tu, provisional ruler of Tibet, and conferred upon him a title.
- 30.—Japanese troops demonstrated in front of the Hopei Provincial Government at Tientsin.
- 30.—Hopei Provincial Government started removal to Paoting.
- 30.—Prince Teh, Secretary-General of the Mongolian Local Autonomy Political Council, arrived at Peiping to see General Ho Ying-chin.
- 30.—French Foreign Office notified Chinese Government of its decision to elevate French diplomatic representation in China to the status of embassy.

JUNE

- 1.—Japanese Consul-General at Tientsin sent communication to Hopei Provincial Government in connection with the

assassination of the two Chinese newspaper editors in Tientsin, Pai Yu-yuan and Hu En-pu.

- 1.—Peiping Branch Military Affairs Commission entertained Prince Teh of Inner Mongolian Council.
- 3.—Japanese Troops in Tientsin staged large-scale sham street fighting.
- 4.—Executive Yuan decided upon appointment of Wang Keh-min as Mayor of Tientsin and General Shang Cheng as Garrison Commander of Tientsin.
- 4.—Prince Teh entertained press representatives at Peiping and explained the purpose of the Mongolian autonomy movement.
- 5.—Japanese troops in Tientsin staged another demonstration.
- 5.—Ambassador General Chiang Tso-ping called on Japanese Foreign Minister K. Hirota and conferred with him on North China problems.
- 6.—National Government appointed Hopei Chairman General Yu Hsueh-chung Commander-in-Chief of the Bandit-suppression Forces for the Border of Szechuan, Shensi and Kansu and Chang Hou-yuan acting Chairman of Hopei.
- 6.—High Japanese military officers assembled in conference at Tientsin in connection with North China situation.
- 7.—British and United States Governments displayed concern over the North China situation.
- 7.—Hopei Provincial Party Headquarters removed from Tientsin to Paoting.
- 7.—Chinese art treasures shipped to England for exhibition.
- 8.—Peiping Branch Military Affairs Commission abolished Political Training Department and issued orders prohibiting organization of secret societies.
- 9.—General Shang Cheng assumed post as Garrison Commander of Tientsin and concurrently acting Mayor of Tientsin.
- 9.—The 3rd Regiment of the Gendarmes of Central Government stationed at Peiping ordered to be transferred southwards.
- 9.—General Chiang Kai-shek ordered execution of Communist leader Hsu Chiu-pai, recently captured in Fukien.
- 9.—Hu Han-min, former Legislative Yuan President, left Hongkong for a tour abroad.
- 10.—National Government issued mandate ordering promotion of friendly relations with foreign countries.
- 10.—American Trade Mission conferred with Chinese economic experts in Shanghai.
- 11.—Hopei Provincial and Tientsin Municipal Party Headquarters ordered to wind up affairs.
- 11.—Major-General Doihara arrived at Tientsin to participate in Japanese military conference.
- 12.—Japanese military reported to have presented new demands. Nanking Government discussed measures to cope with them.
- 12.—General Ho Ying-chin left Peiping for Nanking to report on North China situation.
- 12.—The first Japanese Ambassador to China, A. Ariyoshi, left Japan for China.
- 12.—Japanese Vice-Minister of Foreign Affairs Shigemitsu declared Japanese opposition to any international conference to discuss Chinese economic affairs.
- 13.—Japanese airplanes reconnoitered movements of evacuating Chinese troops from North China. Peiping and Tientsin residents panic-stricken and began exodus.
- 13.—British Ambassador Sir A. Cadogan and Japanese Ambassador A. Ariyoshi called on President Wang Ching-wei.
- 13.—General Yu Hsueh-chung's troops transferred to Shensi to join in the anti-Red drive.
- 14.—Japanese Ambassador A. Ariyoshi presented his credentials to the Chinese Government.
- 14.—Tientsin Garrison Headquarters reorganized as Tientsin-Tangku Peace Preservation Headquarters.
- 14.—17 Shanghai public bodies gave farewell party to American Trade Mission.
- 15.—New British Ambassador Sir A. Cadogan presented credentials to Chinese Government.
- 15.—General Ho Ying-chin arrived at Nanking to report on Hopei situation.
- 16.—Japanese airplanes made observation flights to Paoting, Peiping and Tientsin.
- 16.—General Huang Fu and Wang Keh-min of Peiping Political Council arrived at Nanking to confer with President Wang Ching-wei on the Hopei problem.
- 17.—Entire body of General Yu Hsueh-chung's troops evacuated Hopei for Shensi. Japanese airplanes again flew to Paoting.
- 18.—National Government appointed Wang Keh-min Acting Chairman of Peiping Political Council and General Shang Cheng concurrently Mayor of Tientsin.
- 18.—High Officers of Japanese Kwantung Army held all-night conference at Changchun to discuss North China issues.
- 18.—The Central Government's 17th Army under General Hsu Ting-yao evacuated Hopei for the South.

- 19.—National Government issued mandate dismissing General Sung Cheh-yuan from his post as Chairman of Chahar and appointing Chin Teh-hsun as Acting Chairman of Chahar.
 - 19.—Two Canton rebel cruisers, *Hai Chi* and *Hai Sheng*, deserted and arrived at Hongkong.
 - 20.—General Sung Cheh-yuan left Kalgan for Peiping, entrusting military affairs to General Chang Chi-chung and administrative affairs to Chin Teh-hsun.
 - 20.—Major-General K. Doihara of Japanese Kwantung Army arrived at Peiping to inspect conditions there.
 - 20.—Chinese Ambassador to Japan, General Chiang Tso-pin, presented credentials to Japanese Emperor at audience.
 - 22.—Admiral Chen Chi-liang, Vice-Minister of Navy, arrived at Hongkong aboard the cruiser *Ninghai* to bring the two Canton rebel vessels, *Hai Chi* and *Hai Sheng* to the North.
 - 23.—Chin Teh-hsun declined appointment as Acting Chairman of Chahar.
 - 23.—Wang Keh-min arrived at Peiping from Shanghai to assume his post as Acting Chairman of the Peiping Political Council.
 - 24.—Chin Teh-hsun and Hsiao Cheng-ying representing China, and Major-General Doihara and Col. Matusi representing Japan, conferred last night at Peiping to discuss settlement of the Changpei affair.
 - 25.—National Government appointed General Shang Cheng Chairman of Hopei and Cheng Ke Mayor of Tientsin.
 - 25.—National Government promulgated revised export tariff.
 - 25.—Executive Yuan decided on appointment of Dr. Sao-Ke Alfred Sze as the first Chinese Ambassador to the United States and Dr. Cheng Tien-fang the first Ambassador to Germany.
 - 25.—National Government wired Peiping authorities to settle the Changpei affair as a local issue.
 - 26.—Two Japanese airplanes of Kwantung Army crashed to ground during practice flight.
 - 27.—Changpei Affair completely settled: 1. punishment of those responsible for the affair and dismissal of chief of staff and director of the Military Law Bureau of the 132nd Division, and 2. non-repetition of the same incident in the future.
 - 27.—Japanese troops began to evacuate Kupeikow.
 - 27.—General Chen Chi-tang of Kwangtung issued orders strictly prohibiting dissemination of rumors by discontented politicians.
 - 28.—Bandits staged uprising at Fengtai (near Peiping) and announced formation of Hua Pei Kuo (North China State.) The bandits under command of Pai Chien-wu made a surprise attack on Peiping last night, but were repulsed by local troops.
 - 28.—The entire 37th Division under General Feng Chi-an transferred from Chahar to Peiping for garrison duty.
 - 28.—Japanese Ambassador A Ariyoshi issued statement in connection with the settlement of the Chahar and Hopei Affairs, expressing the wish that the anti-Japanese movement in China be completely suppressed.
 - 29.—Bandits at Fengtai fled to Tungchow and were pursued by Hopei Special Police.
 - 30.—Fengtai bandits completely suppressed. Peiping authorities issued order for arrest of Pai Chien-wu, the ringleader.
 - 30.—Chang Ching-ho, Chinese soldier attached to the 83rd Division, stabbed to death at Foochow by a Formosan named Chiu Chao-yung.
- JULY
- 1.—Cheng Ke assumed post as Mayor of Tientsin.
 - 1.—Japanese Consul-General at Foochow apologized to Chinese authorities for killing of Chinese soldier by a Formosan.
 - 1.—Hu Han-min arrived at Venice and was met by Dr. Wang Chung-hui, Chinese judge at The Hague Court of International Justice, and General Liu Wen-tao, Chinese Ambassador to Italy.
 - 2.—Executive Yuan appointed Ho Ping-sung President of Chi-Nan University, Shanghai.
 - 3.—Dr. H. H. Kung, Vice-President of Executive Yuan, acted as President during the sick leave of President Wang Ching-wei.
 - 4.—Pai Chien-wu, bandit leader at Fengtai, fled to Dairen.
 - 4.—Admiral Chen Tseh, Director of Naval Matters of the Military Affairs Commission, arrived at Hongkong to escort the two Canton rebel vessels, *Hai Chi* and *Hai Sheng*, to the North.
 - 5.—Japanese Consul-General at Nanking, Y. Suma, called on Vice-Minister of Foreign Affairs Tang Yu-jen to discuss Sino-Japanese issues.
 - 5.—Ambassador General Chiang Tso-pin, left Japan for China to report on Japanese policy towards China.
 - 7.—Publicity Committee of the Central Party Headquarters issued circular order to all the provincial and municipal party headquarters, instructing that due attention be paid to publication of news and articles.
 - 7.—New Hopei Chairman, General Shang Cheng, left Peiping for Paoting to assume his post.
 - 7.—General Sung Cheh-yuan thrice telegraphed General Chiang Kai-shek, expressing the wish to take prolonged rest at Tientsin.
 - 8.—Chairman Shang Cheng and other new members of Hopei Provincial Government sworn into office.
 - 8.—Party Headquarters at Amoy abolished owing to special circumstances prevailing at the port.
 - 8.—Tu Chung-yuan, editor of the *New Life Weekly*, sentenced to 14 months' imprisonment for publication of an article allegedly disrespectful to the Japanese Emperor.
 - 9.—Admiral Chen Tseh escorted the two Canton vessels, *Hai Chi* and *Hai Sheng*, to the North from Hongkong.
 - 9.—Launching of the Nationalist Northern Punitive Expedition observed throughout the country.
 - 9.—General Yeh Chi, Kwangsi Army Chief of Staff, died of wounds sustained during a fall from horse.
 - 9.—Ambassador General Chiang Tso-pin arrived at Shanghai from Japan.
 - 9.—Chinese Ambassador to Great Britain, Quo Tai-chi, presented credentials to the British Government.
 - 12.—Legislative Yuan passed revised Law of Publications.
 - 12.—Finance Minister Dr. H. H. Kung declared Central Government decided to appropriate \$2,000,000 for flood relief.
 - 13.—Ambassador General Chiang Tso-pin and Chekiang Chairman General Huang Shao-hsiung flew to Szechuan to see General Chiang Kai-shek.
 - 13.—*Hai Chi* and *Hai Sheng*, two Canton rebel vessels, passed Shanghai on route to Nanking for incorporation into the Central Government Fleet.
 - 15.—President Wang Ching-wei flew from Shanghai to Tsingtao for recuperation.
 - 15.—Wang Keh-min declared no progress made in talks on project of Sino-Japanese economic co-operation.
 - 15.—Prince Yun tendered resignation as Chairman of the Mongolian Local Autonomy Political Council.
 - 16.—New Chinese Minister to Cuba, General Chang Wai-chang, sailed from Shanghai for his post.
 - 17.—Over ten districts in Shantung flooded and flood refugees estimated to be more than 2,000,000.
 - 17.—Central Political Council appointed Chiao I-tang President of the Supreme Court.
 - 17.—Japanese Kwantung Army summoned conference of Japanese military attaches in China to discuss fundamental policy towards North China.
 - 19.—Finance Minister Dr. H. H. Kung invited General Hsiao Cheng-yin of Chahar Provincial Government to come to Nanking for a visit.
 - 20.—Hsiao Cheng-yin replied Dr. Kung, stating inability to come South owing to pressure of duties.
 - 20.—Japanese Consul-General at Nanking, Y. Suma, called on Vice-Minister of Foreign Affairs, Hsu Mo, in connection with Sino-Japanese issues.
 - 21.—Full text of Sino-French Commercial Treaty Concerning Annam released by the Ministry of Foreign Affairs.
 - 23.—Chekiang Chairman General Huang Shao-hsiung flew from Szechuan to Tsingtao to inquire after the health of President Wang Ching-wei.
 - 24.—Six breaches occurred in Grand Canal near Tsining in Shantung.
 - 24.—Central Political Council appointed Shih Yin Minister of Personnel of the Examination Yuan.
 - 24.—The various newspapers in Peiping, Tientsin, Nanking and Shanghai jointly petitioned Central Government for revision of the Law of Publications passed by the Legislative Yuan on June 12.
 - 25.—Hupeh Flood Relief Association issued statistics: flood sufferers over 7,000,000; flooded districts, 49 and inundated area, 4,000,000 square li.
 - 26.—According to statistics released by Overseas Affairs Commission, Chinese citizens residing abroad totalled 7,837,800.
 - 27.—Peiping Political Council appointed Tao Shang-min Counsellor of the Council and Yin Ju-keng Administrative Commissioner of Luanchow-Shanhaikwan Area, and Soo Yu-chi Administrative Commissioner of Chihsen-Miyun Area.
 - 27.—Minister of Justice Wang Yung-pin left Nanking for the North on an inspection tour.
 - 28.—Hsu Shih-yin, Chairman of the National Famine Relief Commission, reported to the Government on flood situation as follows: flood sufferers in Hupeh, Hunan, Kiangsi and Anhwei over 10,000,000, inundated areas over 100,000 square li, and property losses over 5 billions.
 - 29.—New Supreme Court President Chiao I-tang assumed his duties.
 - 30.—Executive Yuan decided upon reorganization of Hunan Provincial Government with General Ho Chien continuing to serve as Chairman.
 - 31.—New Japanese barracks at Shanhaikwan completed.

(To be Continued next week)

Murder of Japanese Consular Policeman at Swatow Causes Sino-Japanese Tension

(BY THE REVIEW'S SOUTH CHINA CORRESPONDENT)

SINO-Japanese relations in South China are again strained following the reported murder by unknown persons of a Japanese consular policeman in Swatow named Susumu Tsunoda on January 21. In more respects than one the Swatow incident resembles the Hideo Nakayama case in Shanghai in November, when the Shanghai Japanese bluejacket was killed by unknown persons and the Japanese officials at that time alleged that Chinese were responsible for the crime and because Japanese naval patrols were sent to the scene of the crime in Chapei a state of panic was created in this Chinese section of the City, causing the exodus of thousands of Chinese from Chapei to the International Settlement.

Similar stern measures were taken by the Japanese consular and military authorities in Swatow. In addition to two Japanese destroyers in Swatow a Japanese cruiser, Yubari, was hurriedly sent from Foochow to Swatow, as soon as the Japanese consular officials broadcast the news of the unfortunate incident to naval circles.

Rear-Admiral B. Bosagaya, the new commandant of the Fifth Japanese Torpedo Boat Flotilla, arrived at Swatow on January 22 aboard his flagship Yubari ostensibly to protect Japanese nationals. Swatow is now in a state of considerable suspense with some of the Chinese residents expecting the Japanese to take stronger measures by landing their bluejackets, if the incident is not satisfactorily settled. Meanwhile the Japanese Consul at Swatow, Chuichiro Harada, has filed two strong protests to the Chinese authorities.

First he demanded the cessation of alleged Chinese intimidation against Japanese shop-keepers in Swatow. He protested against the intimidation of the Kosaga Company by certain Chinese armed with pistols. Secondly the Consul protested against the murder by unknown persons of the Japanese policeman.

Although it is officially pointed out that the present friction has no connections whatsoever with the recent disputes between the Chinese and Japanese in Swatow over the organised smuggling of rice, beans and other valuable commodities into Swatow by Japanese subjects mostly Formosans, on one or two occasions the rice disputes threatened to develop into a major crisis, which was narrowly avoided only through ample concessions made by the Chinese officials, as for instance the return to Japanese smugglers of rice and other dutiable goods seized. There has been so much trouble with the Japanese that the Canton provincial government about a fortnight ago sent Kan Chia-hou, the Special Commissioner of Foreign Affairs for Kwangtung and Kwangsi, to visit Swatow to settle matters with the Japanese. Kan Chia-hou returned to Canton from Swatow only on January 22. The Mayor of Swatow finds himself in difficulty in settling the present incident by inability to arrest the responsible murderer or murderers of the Japanese policeman. So far there is not the least evidence available to support the Japanese theory that the crime was committed by a Chinese.

Reports to hand from Swatow so far say that the Japanese was killed by two gunshot wounds. The crime was committed in the afternoon of January 21 near the O. S. K. Office. Another report by Reuter said that the victim suddenly dropped dead while leaving headquarters. In both the United Press and Reuter accounts there was no mention of the fact that eye-witnesses saw any Chinese being involved.

The Canton authorities are watchful over the Swatow development fearing that any misunderstanding arising out of the murder may again precipitate anti-Japanese agitation by students in Canton and other Kwangtung cities such as Shiukwan, Kongmoon and other places. The officials' precaution was seen by instructions given out by the Press Censorship Bureau in Canton to all Canton newspapers not to publish the Swatow murder until the Government had time to secure full information on the case. In well informed circles it is known that if the Swatow officials should fail to find the murderer, the case may be shifted to Canton for further negotiations. In Canton the case will be deliberated between the Canton Japanese Consul-General, Tatsuo Kawai, and the members of the provincial government.

Chinese Version of the Affair

According to the Chinese version, an informer led a squad of Chinese preventive officers to a Chinese building, where a hundred bales of smuggled yarn were found, and in attempting to remove the contraband, the officers were interfered with by a Japanese, who claimed to be the owner. After going back to the revenue headquarters, the officers were sent back with an additional force, but were met at the house by a large number of Japanese. Words passed between the two sides, and shots were fired, the Japanese police officer being killed by some unidentified person.

Hu Han-min's Return

The most important political event of recent months was the return to Hongkong last Monday of Hu Han-min, one of the truest living disciples of the late Dr. Sun Yat-sen. Hu Han-min

was elected to a number of the highest political posts in Nanking during the November election. He was elected Chairman of the Standing Committee of the Kuomintang Central Executive Committee and Chairman of the Standing Committee of the Central Political Council. But apart from this gesture of reconciliation towards Hu Han-min, very few of the really worth while portfolios of the Government have been assigned to the followers of Hu Han-min. To most of Canton's leaders the election of Hu Han-min to the highest of the party and governmental posts indicates a strong desire on the part of the Nanking Generalissimo to make the friendly relations between Canton and Nanking more lasting. Significant also is the announcement made by Nanking on January 1, concerning the Central Government's recognition of the South-west Political Council in Canton, the highest political authority in Kwangsi and Kwangtung. Although Hu Han-min has held no official post with this Council, most of its members are his closest political colleagues such as Liu Chi-wan, Chow Lu and others.

Unless something most extraordinary and unexpected develops in the course of the next few days the chances are that Hu Han-min will leave Hongkong in the next one or two days for Shanghai en route to Nanking to assume the high posts with the Central Kuomintang. Based on his statements issued to the nation during 1934 and 1935, Hu Han-min has maintained a determination for a stronger foreign policy by the Nanking Government vis-a-vis Sino-Japanese relations. On the day of his landing in Hongkong after his six months' tour abroad, the veteran statesman issued the following statement:

"It is more than six months since I left China for reasons of health. In the course of those months I was unable fully to restore my health, but I have been informed throughout of the trying experiences and difficult problems which China has to encounter. The national crisis has prompted me to return.

"In regard to what policy the Party and Government should pursue, I must say I still hold the principles which I have already laid down in my many utterances and writings of the last few years. Briefly speaking, the Party should restore its original principles. It should eliminate the errors and mistakes it has made in the past in order that its unfinished tasks may be resumed and accomplished. The Government must become responsible and efficient if China is to weather the present crisis. It is by following these principles that I consider we will be able to observe our duties to our people and to our beloved leader, the late Dr. Sun Yat-sen. I regret to say that in the last few months I have been unable to do as much work for China as I wished; yet, wherever I have been I have accumulated impressions which I shall find occasion to make public in the future."

It is noted that in the course of his brief talk Hu Han-min made no reference to Japan's aggression in China, but it must be remembered that he talked in Hongkong, a British Colony and neutral country as far as the dispute between China and Japan is concerned. But he did reiterate that "I still hold the principles which I have already laid down in my many utterances and writings". Hu's previous utterances stressed the need for a much stronger policy against Japan, non-recognition of Manchukuo, recovery of lost territory in the four north-western provinces and a determination on the part of the Government not to lose another inch of China's territory without due resistance.

Also it is a known fact that Hu Han-min arrived in South China on the day when the anti-Japanese agitation by patriotic students in Canton was at its highest fervor—the day when over a thousand students after an interrupted street demonstration (in which they were suppressed after a clash with plain-clothes detectives) left Canton for Hongkong taking shelter for fear of further persecution. Because of this state of uncertainty at that moment any utterance by Hu Han-min which might be interpreted as favoring an open anti-Japanese demonstration might lead to serious repercussions.

As a matter of fact the afternoon when Hu Han-min's steamer Victoria berthed in Kowloon, Hongkong, Canton students sent their representatives to make a personal protest to the veteran leader concerning the injuries sustained by student demonstrators the week before. The student delegation demanded Hu Han-min to exert his utmost influence with the Canton Government to arrest and punish those responsible for injuring the students and stopping their anti-Japanese movement.

On January 25 when Hu Han-min arrived in Canton from Hongkong he was given the biggest welcome ever accorded by Canton citizens to any of the Kuomintang chiefs. Scenes reminiscent of the day when Dr. Sun Yat-sen returned to Canton from abroad many years ago shortly before his death were reenacted, when all the high officials of Canton turned out to give Hu Han-min a royal welcome. Over a thousand motor-cars had to be used to convey the thousands of welcomers during the landing. Hu Han-min rode through Canton's main streets and every where he went he was loudly cheered by his admirers and friends.

Hongkong, January 28 1936.

Chinese Ministry of Finance to Issue Refunding Loan of \$1,460,000,000

Arrangements were completed during the week for the issue of a Consolidated Loan of \$1,460,000,000 to take over all the outstanding domestic obligations of the National Government. The first step was the convening by Dr. H. H. Kung, Minister of Finance, at the Central Bank, on Saturday afternoon, of a conference which was attended by representatives of the bondholders and leaders of banking and commercial circles.

The following are extracts from a statement prepared at the meeting above mentioned. In it are given the details of the Consolidation Loan which is being floated.

"According to reliable investigations, since July last, the Customs revenue has generally been dropping month after month. After payments on foreign loans and indemnities, there is a monthly deficit averaging about \$4 millions required for the sinking fund for the redemption of principal and payment of interest on the domestic loans. The deficit has been made up regularly for the time being by the Government; and the principal and interest due have been paid without delay in accordance with schedule, so as to strengthen the credit of the Government loans. The efforts of the Government to maintain the credit of its bonds despite the various financial difficulties at the present juncture are praiseworthy, and the bondholders have benefitted especially from the policy of the Government to strengthen the credit of its bonds.

"As citizens of the Republic, we should each bear our share of responsibility, and with one heart and mind co-operate with the Government in the successful enforcement of the legal tender notes, so as to stabilize the monetary situation and restore activity in the market. We should assist the Government in the balancing of its receipts and expenditures (the budget), in order that it may have resources to execute its plans of reconstruction.

"Following joint deliberations by the Bondholders' Association and the Government to ensure the Customs receipts being adequate to meet the sinking funds for the government loans, so that the interests of bondholders may be permanently safeguarded and the government enabled to consummate its policy of economic recovery, the following measures have been decided upon:

1.—The outstanding obligations of the government following the issue of the various domestic loans, treasury notes and treasury certificates in past years, amounted, at the end of January this year, to over \$1,460 millions. The loans are of over 30 kinds, including both long-term and short-term loans. Payment of principal and interest on the treasury notes and certificates is made monthly. The amount of such payments being in fractions, it is not only difficult in calculation, but also inconvenient for bondholders in the outlying provinces to obtain payment.

2.—The Consolidation Loan should be fixed at \$1,460 millions, and bear interest at 6 per cent per annum. It should be redeemed in five periods as follows:

- Bonds of Class A are to be fully redeemed in 12 years;
- Bonds of Class B in 15 years;
- Bonds of Class C in 18 years;
- Bonds of Class D in 21 years; and
- Bonds of Class E in 24 years.

Public drawings for redemption of part of the principal and payment of interest on the above-mentioned five kinds of bonds shall be made once every six months.

3.—The old (existing) bonds are to be divided into five kinds in accordance with their duration and exchanged for bonds of the Consolidation Loan.

4.—The Consolidation Loan is to be issued on Feb. 1 this year. The exchange of old (existing) bonds for the new shall be completed in four months.

5.—In order to consummate the enforcement of the policy of legal tender notes, strengthen the financial organization, assist productive reconstruction, balance the receipts and disbursements of the national treasury, and provide for the sinking fund for the stabilization of the bond market, a Recovery (Rehabilitation) Loan (*Fu-Hsing Kung-Chai*) of \$340 millions shall be issued. The loan is to be issued on Feb. 1 this year. It shall bear interest at 6 per cent per annum, and be completely redeemed in 24 years. Public drawings for the redemption of part of the principal and payment of interest on the loan shall be made once every six months.

6.—The Sinking fund for the amortization of and payment of interest on the Consolidation and Recovery Loans shall be provided for according to the measures originally stipulated for the old (existing) loans. After providing for the principal and interest on foreign loans and indemnities, the remainder of the Customs revenue and the originally pledged portions of Indemnity refunds shall be handed over to the National Loans Sinking Fund Administrative Commission for custody every month by the Inspectorate-General of Customs, upon the order of the Ministry of Finance.

"These measures are absolutely sound as they enable the citizen to fulfil his patriotic duty while the interests of the individual will be permanently safeguarded. Therein lies the benefit to the State and the people."

"Shanghai Nippo" Says Dr. H. H. Kung Is Ripened Financier

Commenting on the issuance by the Nanking Government of \$1,460,000,000 of consolidated bonds and \$340,000,000 of rehabilitation bonds, with a view of effecting the full conversion and amortization of existing loans, and improvement of financial and economic conditions of the country, the *Shanghai Nippo* commented: "Prior to the publication of the measures, only a few people closely connected with the Government and holding a large share of domestic bonds in their hands, knew about the measure. The largest holders of Government Bonds are the Central Bank, the Bank of China and the Bank of Communications, namely the Government controlled banks. The issuance of such new bonds will give advantage to the position of these leading banks, of which the capital is mainly in the hands of the Government. It is also said that when the Government took the key position of the three banks, it made the condition that all the existing bonds should be subjected to readjustment to convert and amortize them fully." Dwelling on the excellent quality as a practical financier of Dr. H. H. Kung, the *Nippo* stated that "by resolutely adopting the policy for the new monetary system, and for the new government loans, Dr. Kung has walked even more forward than Dr. T. V. Soong, and is absolutely not lagging behind the latter. Dr. H. H. Kung is really the unprecedented financier in the past hundreds of years, as was reflected by his boldness in the enforcement of the new monetary system and the new bond regulations, which have not been equalled in the past centuries in China." The paper further characterized Dr. T. V. Soong as an unripened statesman, and Dr. Kung as a ripened financier.

Dr. H. H. Kung's Stabilization Policy Highly Commended

The numerous reforms towards the stabilization of the nation's finances, revival of trade and commerce and strengthening of rural economy which Dr. H. H. Kung has succeeded in carrying out during his three-year tenure of office as Minister of Finance were highly commended by a local financial leader in a press interview appearing in *Shun Pao* leading Chinese daily newspaper in Shanghai, Jan. 31.

Dr. Kung assumed his office as Finance Minister shortly after the Sino-Japanese hostilities in Shanghai of 1932 when the nation's finances were in a precarious condition. Undaunted by the difficulties that lay in his way, Dr. Kung pursued a strict retrenchment policy whereby the nation's revenues including salt revenue, customs revenue, consolidated tax and stamp tax revenues have been gradually increased.

China had never had a budgeting system governing her finances, the financial leader continued, until the assumption of office of Dr. Kung as the Minister of Finance. Since the adoption of this budgeting system for the year 1935, the receipts and expenditure have been well-balanced despite the extended bandit-suppression operations which have constituted a huge claim on the nation's finances.

The silver policy of the United States, said financial leader went on, created unprecedented difficulties for the finances in this country. A constant exodus of silver consequent upon America's silver policy heightened the depression that swept the whole country. This, coupled with the devastating floods, brought the finances of this country to the verge of a total collapse.

Under such circumstances, the financial leader remarked, Dr. Kung ordered the appropriation of \$25,000,000 Currency Loan Bonds for the relief of native banks and Chinese trade groups so as to enable them to tide over the difficult period. In addition, a total of \$100,000,000 Currency Loan Bonds was issued for investment in the three banks, the Central Bank, the Bank of China and the Bank of Communications.

With a view to reaching a basic solution of the questions of insecure finances and currency in China, Dr. Kung announced on November 4, 1935 the new decree making notes of the three government banks legal tender and nationalizing silver. The effect of this decree has been evidenced by a general upturn in the nation's financial status, it was pointed out.

Finally, the spokesman of local financial circles mentioned the action taken by Dr. Kung in curbing the activities of unscrupulous speculators in the bond market. Special reference was made to the order requiring all transactions in domestic bonds to be settled with actual delivery. This, it was explained, will lead rich people to investment in constructive fields rather than wasting their money in speculation.

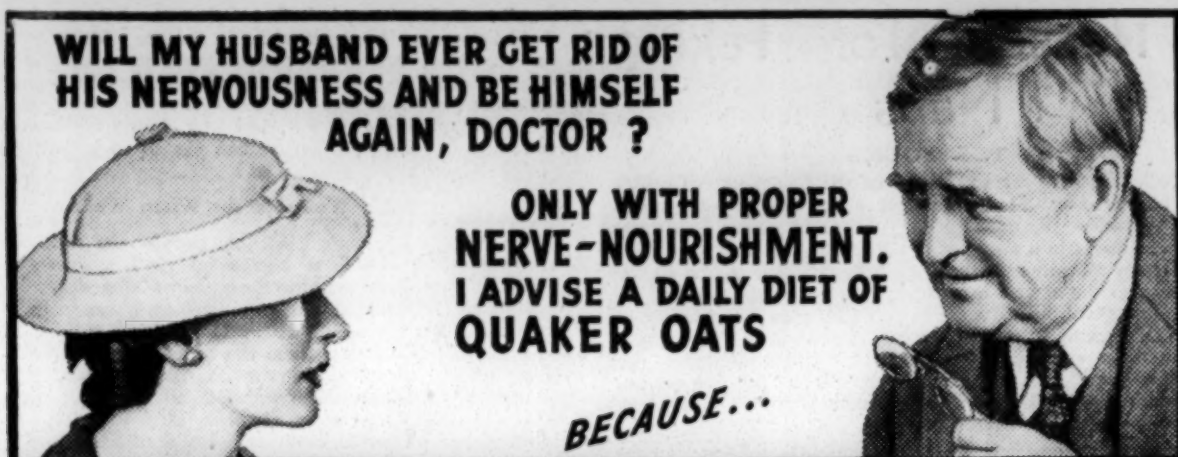
Silversmiths Recommended to Use Alloys in Their Wares

With a view to conserving pure silver for more useful purposes, only alloys of silver should be used in the manufacture of

WILL MY HUSBAND EVER GET RID OF HIS NERVOUSNESS AND BE HIMSELF AGAIN, DOCTOR ?

ONLY WITH PROPER NERVE-NOURISHMENT. I ADVISE A DAILY DIET OF QUAKER OATS

BECAUSE...



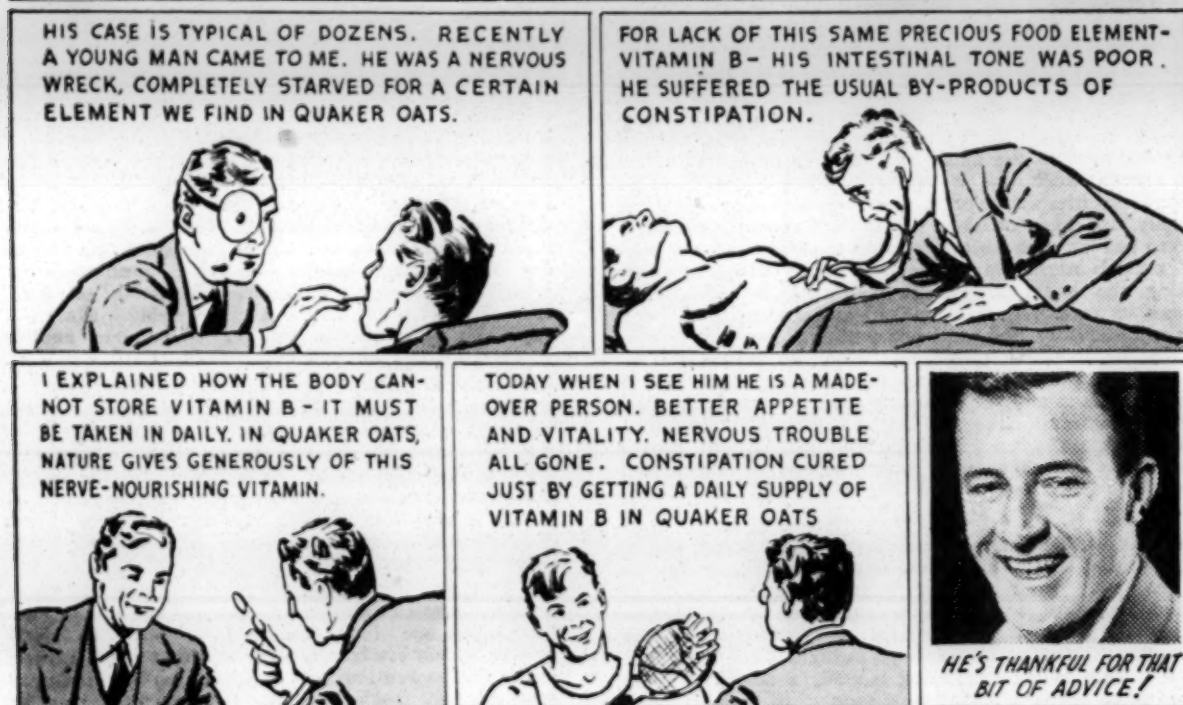
HIS CASE IS TYPICAL OF DOZENS. RECENTLY A YOUNG MAN CAME TO ME. HE WAS A NERVOUS WRECK, COMPLETELY STARVED FOR A CERTAIN ELEMENT WE FIND IN QUAKER OATS.

FOR LACK OF THIS SAME PRECIOUS FOOD ELEMENT- VITAMIN B- HIS INTESTINAL TONE WAS POOR. HE SUFFERED THE USUAL BY-PRODUCTS OF CONSTIPATION.

I EXPLAINED HOW THE BODY CANNOT STORE VITAMIN B - IT MUST BE TAKEN IN DAILY. IN QUAKER OATS, NATURE GIVES GENEROUSLY OF THIS NERVE-NOURISHING VITAMIN.

TODAY WHEN I SEE HIM HE IS A MADE-OVER PERSON. BETTER APPETITE AND VITALITY. NERVOUS TROUBLE ALL GONE. CONSTIPATION CURED JUST BY GETTING A DAILY SUPPLY OF VITAMIN B IN QUAKER OATS

HE'S THANKFUL FOR THAT BIT OF ADVICE!



Nervous, irritable, run-down people NEED THE NERVE-NOURISHING VITAMIN AND ANAEMIA-COMBATING MINERALS IN DELICIOUS QUAKER OATS



Now available in Quick-Cooking form - Cooks in 2½ minutes.

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silverware, the Ministry of Finance recommends in an order to the Hsuehchow City Chamber of Commerce last week. The order says that the Regulations governing the Use of Silver in Manufacture of Silverware were originally formulated with a view to conserving the silver bullion of the country. In view of the vital relationship between silver and the nation's economic well-being, restrictions are therefore imposed on the use of silver in the manufacture of silverware.

Moreover, the Ministry's order continues, silver ornaments are articles of luxury. In Europe and America, silver alloy has been substituted for pure silver in the manufacture of such articles, with the result that they are both cheap in price and beautiful in appearance. This method should be imitated by the silversmiths in this country.

Besides instructing the Central Mint to manufacture six kinds of alloys to supply the needs of the silversmiths, the Ministry orders that the Hsuehchow Silversmiths' Guild be notified to continue the use of silver alloy for their raw materials.

Ministry of Finance Closes Shanghai Bond Market

Pursuant to an order from the Ministry of Finance, the local bond market was declared closed from Feb. 3. In a notification issued by the market, it was pointed out that the market is closed for the reason that an inquiry is now being conducted by appointees of the Ministry of Finance with a view to ascertaining whether there has been any manipulation of the transactions in domestic bonds by unscrupulous speculators.

The exchange of all the existing domestic loan bonds except the 17th Year 8 per cent internal Rehabilitation Short-term Loan, the 17th Year Long-term Currency Bonds and the Hopei Province Short-term Loan for Haiho Conservancy Work into the Consolidation Loan bonds bearing an interest rate at 6 per cent per annum is to be completed within four months. The Recovery Loan is floated for the purpose of consummating the enforcement of the policy of legal tender notes, strengthening the financial organization, assisting productive reconstruction, balancing the receipts and disbursements of the national treasury and providing the sinking fund for the stabilization of the bond market.

My Reasons for Taking Naps

BY T. S. YOUNG

NAPPING, if I may say so, is one of the few pleasures which can be shared by all human beings alike without discrimination between rich and poor, old and young, and male and female: Just as in a sleep, one, while taking a nap, can have sweetest dreams as well as ugliest nightmares. But as the nap is a short sleep, so those who happen to have happy dreams will invariably regret that they have not been given an opportunity of enjoying their dreams to the full extent, or that their dreams have been left without climaxes or sequences. At the time when our personal rights have been striped off to the naked body, we can not help considering napping as one of the very few privileges which we can yet enjoy to our heart's content.

In preparing to nap, it is, of course, desirable to select a cozy corner and a comfortable sofa. But many people can doze without these luxuries. In business offices, the clerks, between office hours, can sit on stiff-backed chairs and indulge in day-dreaming. In sardine-packed trains, many of the passengers can lean on their fellow passengers and snore. Sometimes, in overcrowded street cars, one can also see passengers napping while standing. A few can even sleep off two hours in a movie house without paying any attention to the music and pictures projected on the screen. In a word, when one is under the impulse one can go napping anywhere irrespective of surroundings and attractions.

Generally, one does not take a nap in the forenoon, unless one did not go to bed the night before. But in the afternoon, this napping "fad" prevails in every home and every office. It has its fullest swing during the hours after lunch before the business machinery resumes its pace. At that time, if you chance to visit any office, you will infallibly find some one snoring. Even the ricksha man in the street will sometimes drop his vehicle and sit down for a siesta. Like yawning, napping is also contagious, and it often happens that in a big office, ten or more persons dream their different dreams at the same time. This "fad" is especially prevalent in the summer season, when the heat of the mid-day sun proves so oppressive that even those who disdain napping will also find themselves in a drowsy state beyond their own control.

Largely a Matter of Habit

To many of us, napping is more or less a daily routine, which, like eating, washing or shaving, must be performed every day throughout the year. Without rhyme or reason and by the sheer force of habit, persons accustomed to napping at a certain time can naturally close their eyes for a short sleep when that time comes. To those who indulge in night life and can not have sufficient sleep at night, napping is really a necessity; for a nap between office hours, no matter how short it is, will do much to make good the insufficiency of sleep at night. To the followers of Confucius' teachings, napping is considered as a symptom of laziness, because, according to the Analects, Confucius, after having found one of his disciples napping, drew this analogy, "A rotten wood can not be carved and a mud wall needs not to be whitewashed." But according to certain Western medical authorities, napping after lunch, we have been assured, helps digestion, and is, therefore, a tonic to health.

It does not appeal to me as logical that one who takes a nap should be called "a rotten wood" or "a mud wall". Confucius, as we all know, was very strict about personal behavior and conduct, and it is quite understandable that he should outlaw napping among his disciples. Confucius, we have been told, took great care of his personal health, and had he been acquainted with the salutary value of napping to one's health as claimed by the present Western medical authorities, he probably would not have made such a disparaging remark against napping. Be that as it may, I have some other reasons in favor of napping.

First of all, at this time when we have to fight a very hard battle to make our livelihood, we have reasons to give our brains rest and our energy relaxation, so that we can cope with our stupendous task. Life at present is decidedly hard, and every day we have to contend with new difficulties. Those who have not been born with a silver spoon in their mouths and have to earn their daily bread will have to struggle on every day in a year and every year in their life. Therefore it is quite proper for people to take a nap after half-day's struggle, so as to better prepare for the other half-day's hard work. I would specially recommend napping to our hard-working officials, who have to match their brains with their Japanese friends. By taking a nap after lunch every day, they may ease up the strain upon their mentality and physical strength, so that their good sense and sound judgement will not be confounded while dealing with the subtle Japanese.

Secondly, it must be said that our personal freedom at present is very restricted. The proverbial freedom of speech, press and association has been long denied to us. In conjunction with the New Life Movement, hundreds of taboos have been promulgated. We have been even told what to wear and eat and how to sit and

walk. Before long, it is feared that our daily conduct and habits will be summarily regulated in accordance with government regulations. Moreover, at the present movement, there is a revival of Confucianism, and since napping was condemned by our Sage, there is every likelihood that it will soon become one of the taboos. Our personal privileges are few, and why should we not enjoy them to our heart's content, when we can yet do so without violating any of the government regulations?

What We Hope for When We Awake

And thirdly, many sensible people are now weary of their miserable life, which is besmeared with shames and humiliations. They desire nothing more than a long sleep, by which their sad lot can be changed just in the same way as Rip Van Winkle got rid of his termagant wife. The Chinese story-tellers have also alleged that in old days there was a person named Chen Tuan, who slept off one thousand years at one single stretch. It is, of course, devoutly wished that when we wake up from our sleep, we might find a different China which has been able to make her neighbor respect her territorial integrity without the need of indulging in empty talks of friendship. But where can we learn the secret by which we can follow the example of either Rip Van Winkle or Chen Tuan?

Where is the joy in living in this upside-down world? The longer we live the acuter will be our disappointment and the more miserable our life will be. Above everything else, we wish to be insensible to our political impressions and worries. Out of the twenty-four hours in a day, we can only sleep off eight to ten hours and are compelled to keep awake the other fourteen to sixteen hours. But to pass these fourteen to sixteen hours every day in a conscious state is really a pain, when we hear nothing but the sabre-rattling of Japanese warlords and the tramping of Japanese soldiers, and see nothing but the new intrigues of Japanese adventurers in slicing off our territories. It is pathetic to watch a man dying slowly, even more so, if this dying man is one on whom our existence depends.

We are told that callousness can be learned, and that when one is used to painful scenes, one will not feel their pain. But for more than five years, I have watched these painful scenes, but alas! my senses have become even acuter. The only time I find this pain can not harass my mind is during sleep. Therefore why should we not sleep off two or three hours in the day time, so as to reduce our conscious hours to twelve to fourteen? This accounts for the reason why napping has become such a popular habit at the present time, when the affairs of the country are in such a topsy-turvy state.

In a nap, besides forgetting our political and business worries, we sometimes can also enjoy happy dreams. Life, as a matter of fact, is but one long dream from birth to death; and at present we are just having a nightmare in which a dwarf with a big sword has broken into our house and has been trying to kill us and seize our inherited properties. It is too bad that we can not wake from this nightmare as we can from a bad dream. In order to console our chafed nerves, we had better forget this nightmare and take frequent naps with the hope of having some happy dreams. We may be called "rotten wood" or "mud walls;" but who can help it under the present circumstances? Even Confucius himself, if he happened to live now would possibly say that when the affairs of the country are deplorable, it is better to nap frequently and lead a drowsy life.

American Chamber Elects P. S. Hopkins and C. H. French as Directors

P. S. Hopkins, President of Shanghai Power Company, and C. H. French, Vice-President and Treasurer of Andersen, Meyer and Company, in Shanghai were elected to the Board of Directors of the American Chamber of Commerce at a meeting Jan. 31 in the American Club. Mr. French and Mr. Hopkins were named to fill the vacancies left on the board through the retirement of H. M. Bixby, a Director of the China National Aviation Corporation, and W. S. Heald, Vice-President and General Manager of the Shanghai Power Company. Mr. French, who recently returned to Shanghai after a long leave of absence in America, was formerly President of the American Chamber of Commerce here.

Combined Population of Three "Shanghais" Is 3,120,158

The population in the Chinese Municipality of Greater Shanghai totals 2,045,462 of whom 10,149 are foreigners, according to the census recently completed by the Bureau of Public Safety and announced this week. In the International Settlement, according to the bureau's estimate, there are 971,397 Chinese and 36,471 foreigners. In the French Concession, there are 47,929 Chinese and 18,899 foreigners.

The total for the three Shanghai areas is 3,120,158.



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Manchukuo German Trade Treaty Expected in February

Belief that a German-Manchukuo trade agreement will be concluded some time next month was expressed in Hsinking Feb. 1 by high Government officials, as Kan Matsushima, director of the Industry Ministry's Agricultural Affairs Bureau, left there for Tokyo to continue negotiations with the members of the German Economic Mission to the Orient. The negotiations between Mr. Matsushima and Dr. O. C. Kiep, minister plenipotentiary and the head of the mission, will resume in middle part of month, when the latter returns from a visit to Nanking. The agreement reportedly provides for the annual barter of Yen 100,000,000 worth of Manchurian bean products for Yen 30,000,000 of German machinery.

Extraterritorial Queries Raised in Mukden

Foreign consular officials stationed in Mukden have asked their Governments for instructions regarding the extraterritorial privileges of their nationals following Japan's transfer of her administrative rights in the South Manchuria Railway zone to Manchukuo, the *Kokutsu News* Agency reports. The queries deal with three aspects of the question of extraterritoriality:

Whether foreign nationals would be required to submit to Manchukuo laws after Japan relinquishes her extraterritorial rights; the course to be taken should Manchukuo arbitrarily abolish the extraterritorial privileges of foreign nationals; and the status of

consulates of those countries which have not yet recognized Manchukuo.

Direct Freight Traffic to Link North China and Manchukuo

A prediction that through freight traffic between Mukden and Peiping will be opened "not later than March" was made by officials of the Directorate-General of the Manchukuo State Railways, Jan. 31. They revealed that the question is now being negotiated between the Directorate-General and the authorities of the Peiping-Mukden Railway. They added that Manchukuo will send experts to introduce a "rational" handling of freight on the Chinese portion of the railway.

Salt Manufacturing Firm Gets Permit for Manchuria

Officials of the Manchurian Affairs Bureau in Tokyo Feb. 4 said that permission will be granted for the establishment of the Yen 5,000,000 Japan Manchukuo-Manchuria Salt Manufacturing Company. The projected firm, planned by the Kwantung Army, the Manchukuo Government and the South Manchuria Railway Company, will have an annual output of 150,000 tons of industrial salt, most of which will be shipped to Japan. The company will be granted a monopoly on the export of salt from Manchuria. Of the capital of the new firm, the Hsinking Government and the S.M.R. will each bear 25 per cent, while the rest will be subscribed in equal shares by eight major Japanese salt manufacturing concerns. The plant of the company will be constructed in Fuchow district, in the western part of Liaotung Peninsula. Japan's annual imports of industrial salt total 1,000,000 tons.

"Japan as an Orphan"

BY C. Y. W. MENG (孟長泳)

A RINGING message to the Japanese people to redouble their determination to meet the national crisis was issued by General Minami, Japanese Ambassador to Manchukuo, Commander-in-Chief of the Kwangtung Army and Governor-General of the Leased Territory, when he arrived at Dairen from Hsinking on a tour of inspection of the Territory. Such determination, he said, was a necessity, for Japan had to face a "friendless world alone." The New Year had been marked by the withdrawal of the Japanese delegation from the London Naval Conference and by the dissolution of the Imperial Diet—events which had intensified the crisis to an immeasurable extent. With her departure, first from the League of Nations and now from the London Naval Conference, Japan was for the first time "free internationally," but, as an "orphan," she could no longer depend on others, but must rely on her own powers. It was the solemn duty of all Japanese to render the greatest loyalty possible, especially by strengthening spiritual unity between themselves and by developing industrial independence. The policy of the Kwangtung Army was unchanged. The Army's primary mission was to assist in the safe development of Manchukuo, said the high Japanese militarist *inter alia*.

In other words, Japan of today is a "friendless Japan"; Japan of today is an "orphan." The world says so, and the Japanese themselves admit it!

Ordinarily speaking, when we think of an orphan, no matter how iron-hearted we may be, our sympathy is always with the orphan. Everywhere there are the orphanages to provide free education to train them up to be useful citizens of the country. The philanthropists do their best to raise funds for such charitable purposes.

An Orphan Without Sympathy

But for this orphan no one has any sympathy. In the first place, his parents who have been doing good work in keeping peace in the "family of nations," did not die a natural death, but rather they were deserted by this boy who wants to become an orphan. As a result, the parents feel such grief that they are in critical condition today. By withdrawal from the League of Nations a couple of years ago, Japan deserted the father who was then doing what he could to affect an amicable but just settlement of the dispute between two brothers; to do justice to the victim; to punish the wrong-doer; and to uphold the sanctity of law in the family of nations. By her withdrawal from the Naval Conference a couple of weeks ago, Japan again deserted the mother. In both cases, the intention of this orphan is to kill his father and mother once for all, so that he can be free from parental control—free to commit more mischievous acts without restraint.

In order to keep peace at home it is necessary that all members of a family should abide by the rules which are imposed; they should agree not to take up arms in settling disputes. That is, first to observe international treaties, and secondly, to disarm. But by attacking his brother without any justification on the fatal night of September 18, 1931, this orphan has trampled under foot all international agreements. By withdrawing from the Naval Conference, this orphan simply told the other members that he would not disarm. Thus, all hope for preserving peace is quashed. So this orphan is not only without the sympathy of the world, but is condemned by all as a most "mischievous" boy and "undesirable" in the family!

Withdrawal—Advantageous or Disadvantageous?

By withdrawal from another international conference, Japan knows well that she will be isolated. But to Japan, isolation is a glory as well as an advantage: Glorious in this that Japan means to tell the world that the Island Empire is strong enough to challenge the world, and confident of success; and advantageous in that Japan is now free from any international obligation and may proceed with more vigorous naval construction; she can now consolidate her position on the Asiatic march mainland; declare her hegemony in Asia; and march forward to conquer China before the world is strong enough to oppose her. Lastly, and most important of all, in a situation like the present, Japan will be brought at a much earlier date into the power of the military dictatorship in place of the parliamentary system which has been the target of attack of the Japanese militarists.

While other treaty powers have their naval construction far below the treaty limit, Japan is the only power which has built up its navy to the full treaty limit. According to our information, it will take at least six years (1942) before the Mighty Dollar can build up its navy to the treaty limit. During these six years the Island Empire will have undoubtedly built a more formidable navy.

Japan, by withdrawing, has simply started a naval race among the principal powers. America can not but fortify Alaska, the Hawaiian Islands, the Philippine Islands, etc. Great Britain can not but fortify Hongkong, Singapore, etc. By withdrawal, Japan puts an end to all hope for the revival of Anglo-Japanese understanding. Lastly, by withdrawal, Japan has driven Washington and London together to contemplate some common action to protect their common interests in the Far East, which have been jeopardized by the Japanese aggression. Neither America nor Great Britain could indeed challenge the Island Empire in the Far East, but the combination of these two powers would mean a blow to the aggressor. As stated above, America and Great Britain are in a disadvantageous position, as they have delayed action too long, so the only way out for them is to take some common action to challenge their rival. This co-operation—should it be formed by adding Russian co-operation to form the "Anglo-American-Russo co-operation"—would indeed dishearten and dismay the Island Empire. So, by withdrawal, Japan may claim many advantages in respect of naval construction; but on the other hand Japan forgets that by withdrawal, she has not only been isolated, but has also started the naval race once more, and lastly, and worst of all for Japan, has caused the principal powers in the world to take concerted action to eliminate a militarized Japan—the world's greatest menace!

Japan's Three Basic Principles

This orphan not only deserts and wants to kill his parents, but also intends to kill his elder brother as well. By the invasion and forcible occupation of the Chinese Northern Provinces, Japan has already robbed his elder brother. By further insisting on adjusting their relations on the so-called "Three Basic Principles," this orphan shows manifestly that his intention is to put his elder brother to death, and to inherit all the property of the deceased. Mr. Hirota even made an outright statement that China "had already agreed with the Japanese Three Basic Principles," which only attracted a prompt denial from the Nanking Foreign Office. The truth of the story is as follows:

When Mr. Ariyoshi, the Japanese Ambassador to China (now retiring) visited General Chang Chun, newly appointed Minister of Foreign Affairs, he was authorized by Mr. Hirota to convey the Three Basic Principles as the general basis of discussion in the coming Sino-Japanese Conference in Nanking to General Chang Chun and General Chiang Kai-shek. But we learn reliably that neither of the Chinese high officials did commit himself in expressing any idea on the Japanese principles. But imagining that "silence means consent," Mr. Hirota, without waiting for any confirmation from the Chinese officials, at once announced to the world that China had agreed to the Japanese basic principles.

China's Reply to Japanese Three Basic Principles

In fact when these Three Basic Principles were first made known, the Chinese public at once expressed its opinion, which may be summed as follows:—As to Basic Principle No. 1, the Chinese characterize this as "冠履倒置." That is, to put the "shoes above the hat", meaning putting something in reverse order. It is up to Japan to suppress anti-Chinese activities and to stop aggression in China; not China to suppress anti-Japanese activities, as there is no anti-Japanese activity in China.

As to Basic Principle No. 2, the Chinese people unanimously made a very frank statement to the effect that recognition of Manchukuo is something which China can never give.

As to Basic Principle No. 3, the Chinese consider that it is China's own internal affair, and Japan need not worry about it. In Chinese eyes, the crisis which China is facing is not so much the "Red Menace," as "aggression" from the Island Empire!

China's 3 Basic Principles

As a matter of fact when Mr. Hirota was discussing the general basic principles with General Chiang Tso-ping, the then Chinese Ambassador to Japan, the latter, according to report, made some counter suggestions. These Chinese Basic Principles according to the report, were suggested by Dr. Wang Chung-wei, a jurist of international reputation, who though at the Hague, is in close touch with Sino-Japanese negotiations. These Chinese Three Basic Principles are as follows:—

1. Both sides should recognize the principle of equality.
2. The promotion of the possibility of Sino-Japanese rapprochement should be cultivated through the development of better feeling towards each other.
3. Negotiations should be conducted by the duly recognized diplomatic officials.

Japan's "New Policy" in China

When the Japanese and Chinese Basic Principles are studied and compared, one will realize that there is a wide gap between them. The Japanese officials, including Mr. Hirota himself, admit that in the basic principles which the two parties respectively advocate, "China and Japan are in an opposite position to each other." Realizing that the Japanese Basic Principles could not be agreed to by the Chinese at an earlier date, Mr. Hirota, according to the report, has changed his policy from pressing

Nanking for the acceptance of the Japanese Basic Principles and for the opening of negotiations with Nanking to a policy of "promoting and forming true Sino-Japanese political and economic co-operation, not with Nanking first, but with the local authorities—the Chinese authorities in North China and the Inner Mongolian people." Until the Japanese succeed in this aggression, Japan would like to open a conference with the National Government. At that time, Japan would do its best to readjust Sino-Japanese relations, based on the "latest developments" and applying the principle of a fait accompli. This explains the sudden development of the critical situation in Inner Mongolia; the formation of so many puppet states, Nos. 2,3,4, (No. 1 being Manchukuo) in North China, and the formation of another Mongolian Autonomous Political Council in Suiyuan, etc.

According to further report, we understand that while going on with her aggression in China, Japan would undertake to respect the "already acquired rights" of the foreign powers in China, "so as to avoid international complications." For the sake of preventing flood, drought, etc., in China, and the development of conservancy works, Japan would form some big companies similar to the South Manchurian Railway Company to act as middle men in Sino-Japanese co-operative enterprises. In order to attain political stability in China, the Japanese policy is to "reorganize the National Government" and cause the national finances to be "separated" from the finances of the Central Bank of China. Japan would offer various assistance to China only when Sino-Japanese relations have been improved to such an extent that the time is ripe for the Japanese to do so.

So, in pursuance of the above "new policy" in China to form "true Sino-Japanese co-operation not with Nanking first, but with local authorities first," and in answer to the Chinese demand for the settlement of the Hopei-Chahar problem, the Japanese at once counter-demand that "other problems" must be settled first before the Hopei-Chahar problem can be taken up for discussion. By "other problems," according to report, the Japanese demand that customs autonomy should be granted to North China; and North China should revise, promulgate and enforce new tariffs, the purpose of same being to give "free entrance" to Japanese and Manchukuo goods to China. Secondly, that North China should not remit any more revenues to Nanking, the revenues being exclusively used for Hopei. Thirdly, the whole Province of Hopei should be divided into 20 Districts for the cultivation of cotton under Japanese direction and control. Put in other words, it is the creation of another political organ in North China, "politically and economically un-connected with the Central Government," as planned by General Tada sometime ago. When this is accomplished, Japan will open a conference with Chinese officials in Nanking, the purpose of which is to demand that China recognize the fait accompli.

At Her Wit's Ends at Last!

In conclusion, Japan admits that she is now "friendless" and an "orphan." But the world may say that Japan is not only friendless, but actually is the enemy of civilization. Japan is not only an orphan who is getting no sympathy from the world, but may sooner or later be brought before the Court of International Justice to answer many charges, such as "armed robbery" of other's property; "trespass" of other's territories; "murder," by killing and bombarding thousands of innocent people who have done no wrong to Japan; "attempted murder" in killing his parents and elder brother, etc.; and at the end, Japan might be duly punished in accordance with the International Code of Moral Justice of human society in the form of international sanctions and concerted actions to oppose her. So, sooner or later, we may see that this most unfaithful, mischievous and undesirable son in the family may have either to spend the rest of his life in an international prison or to face an execution squad.

Nanking, January 31, 1936.

"Shanghai Nippo" Predicts Separation of Inner Mongolia from China

Dealing with the tense situation in Inner Mongolia, the *Shanghai Nippo* commented that the role played by the National Government in Mongolia has completely failed, saying: "About two thirds of the Mongolian Leagues and Banners are feverishly carrying out their anti-Nanking movement, with Prince Teh as their leader. Prince Teh has recently expressed frankly before Nanking that he will assume an status independent from Nanking, and is now making preparations for this. Therefore, Inner Mongolia will be inevitably separated from the Central Government of China, which in turn will perhaps be indifferent to the separation of Inner Mongolia, just as was the case with the independence of Outer Mongolia."

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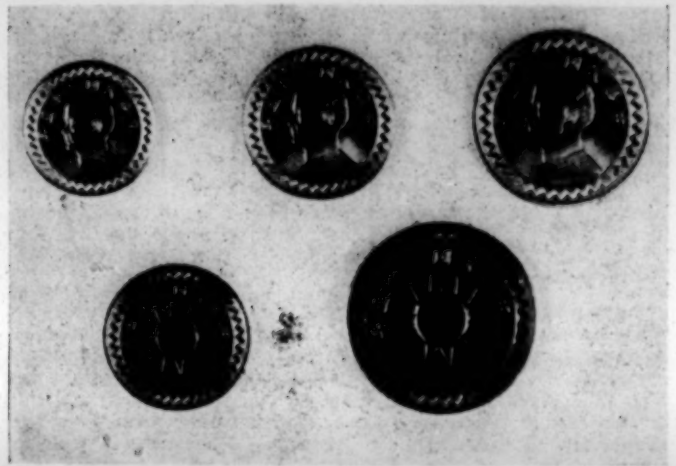
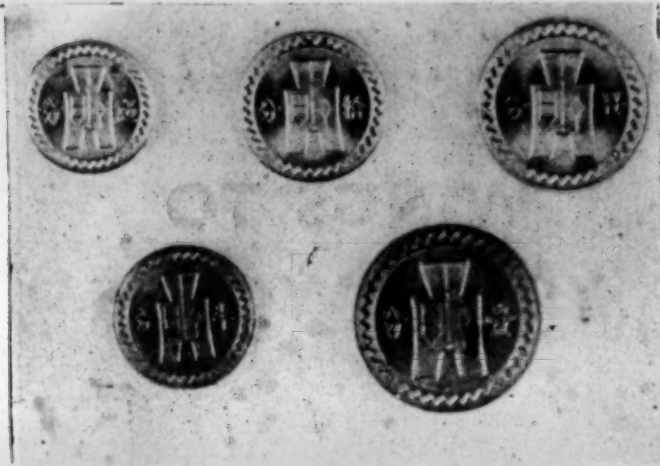
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THE NEW CHINESE SUBSIDIARY COINS SHORTLY TO BE PUT INTO CIRCULATION



The above illustrations show (in exact size) both sides of the five new coins which are being minted at the Shanghai Mint and which will be put into circulation about Feb. 15. The three at the top are of nickel alloy and are of 5-cent, 10-cent and 20-cent denomination. The two at the bottom are half-cent and one-cent coins made of copper. It is hoped by the use of the new coins to drive out the old "small" money 10-cent and 20-cent pieces and also the present-style coppers. However, as these are of nominal value, whereas the old coins are worth intrinsically nearly their face value, the incentive to counterfeiting will be exceedingly strong.

Reds Threaten Kweiyang, Capital of Kweichow Province

(BY THE REVIEW'S HANKOW CORRESPONDENT)

The Reds have gained momentum and strength during the past autumn as they have been trekking through western Hunan Province, under the leadership of Ho Lung and Hsiao Keh. Instead of being defeated these two communist commanders seem to have set their minds on reaching Szechwan or bust. True, the Hunan provincial troops have been giving chase. But what is the use, if those chased make their get-away and fill their ranks with new recruits and ammunition and supplies? What if they have to do it on the run? They develop strong leg muscles, making it all the easier to outrun their enemies. And this seems to be the case. If the government troops in the various neighboring provinces do not cooperate and coordinate their efforts, the Reds will spring another surprise. Mobility is their middle name. Now the latest news is to the effect that the followers of Ho Lung, Red commander, are taking a circular route north and west of Kweiyang. It is not quite certain whether the Reds will seek to capture the capital city of Kweichow or leave it out of their itinerary. Of course they would not hold it for any length of time. It is conceded by most observers that the only, or at least the chief, reason for entering Kweiyang would be to loot it, thus acquiring more ammunition and more food and clothing for the Red commissary.

Kweichow Reds Said To Number 500,000

There seems to be a large number of Reds in Kweichow, estimates putting the number at 50,000, of which about half carry arms. No doubt these troops would like to hook up with the Szechwan Reds, thus forming a strong front in relation to Nanking.

Government Troops Plan to Surround Reds

The government troops have vast plans for surrounding the Reds as they advance westward through Kweichow Province. However, the Reds have a plan that keeps them guessing. The troops of General Liu Chieh-chu of the 28th Army have been engaged in fighting the Reds on the Hunan-Kweichow border. At present the Reds seem to be near Kaiyang, 60 kilometers northeast from Kweiyang, and midway between Yungan and Hsifeng.

Government Planes to Be Used Against the Reds

Several government planes are reported to have flown to Kweiyang to assist in the defeat of the communist armies marching westward from Hunan, ostensibly on their road to Szechwan.

Catholic Missionaries Ministering to the Reds

The latest reports from the communists in Szechwan relate that two Catholic fathers of Tasienu, the Rev. Fr. Epiphanius Pegoraro and Bro. Paschal Nadal, captured by the Communists on May 29th 1935, are still alive. Their communist captors are holding them at Yachow, between Yuinkin and Tienehun cities, in Szechwan Province, where they minister to the physical needs of their enemies, making use of their skill as nurses.

Trade Improvement in Hunan

In the southeastern section of Hunan Province comes word of trade revival due to the new Hankow-Changsha-Canton railway nearing completion. The authorities have requested the engineers

to speed up the work and have the through trains to Hangchow running within a month! Local merchants have had a thriving business along the new railway line, and prosperity is beginning to show its smiling face again in this erstwhile Red-infested area.

Prices of food stuffs have advanced 25% to 40% during the past autumn. The standard dollar now exchanges at 6400 cash. Salt sells for 8 catties a dollar. Tea-oil is \$.30 a catty; wood-oil \$33.34 per 100 catties. While rice sells anywhere from \$8. to \$12. per load of 180 catties, the average price is \$11. for standard quality. Northern Hunan cotton fetches \$.50 a catty, but local Chenchow long fibre cotton brings \$.80. Tobacco leaf sells at \$12. to \$15. per 100 catties. Pork brings \$.30 to \$.35 a catty. With these prices prevailing money flows more freely. Almost everybody has work, and beggars are few and far between.

General O-Kwan Starts Newspaper

General O-Kwan, in charge of the counties in southeastern Hunan, has revived a local newspaper, formerly published by the Nationalist party.

Opium suppression is going to be enforced with greater stringency this coming spring. The opium situation is better than it has been for years.

New Business Venture in Hankow

In these days of depression when the closing down of foreign firms and the bankruptcy of Chinese companies is not uncommon, it is refreshing to hear of new companies daring to open up business. The latest company in Hankow is the Orient Paint, Color, and Varnish Co. Ltd. The local agents and distributors are Butterfield and Swire. The products sold by this company are manufactured in Shanghai, and prepared from the finest materials available.

Newspaper Exhibition to Be Held in Hankow

On Feb. 25 Hankow will witness the first newspaper exhibition in its history. Under the auspices of the local intellectual and cultural organs an exhibition of Chinese magazines and newspapers will be held, samples from various parts of China having already been received here. Already great interest is being shown in this unusual event.

New Famine Relief Loan of \$1,000,000 Floated

Mr. Chia Shih-yi, Financial Commissioner of Hupeh, has secured the services of five banks, which have each subscribed \$200,000. to the million dollar loan for Famine Relief in Hupeh Province. The names of these five banks are: The Central Bank of China, the Bank of China, the Bank of Communications, the China Farmer's Bank, and the Provincial Bank of Hupeh.

Hankow February 3, 1936

Dr. Alfred Sze Urges International Co-operation So as to Restrain Aggressors

Addressing the Richmond (Va.) Women's Club, Feb. 3, Dr. Alfred Sze, Chinese Ambassador to the United States, urged international co-operation to restrain aggressor nations which fail to comply with the new international code of morals established by the Kellogg-Briand Pact and the Government of the League of Nations. He cautioned Americans against expecting a neutrality policy based on mere isolation to contribute to world order.

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st January, 1936 and until further notice.

41 Ordinary 1 2 3	3 Ex. D 1 2 3	23 Fast D 1 2 3	301 Ex. SD 1 2 3	5 Ex. D 1 2 3	305 Ex. SD 1 2 3	1 Ex. SD 1 2 3	Down Trains	MAIN LINE STATIONS	Up Trains	2 Ex. SD 1 2 3	302 Ex. D 1 2 3	6 Ex. SD 1 2 3	74* Goods & Pgr. 3rd only	42 Ordinary 1 2 3	4 Ex. D 1 2 3	24 Fast D 1 2 3	306 Ex. SD 1 2 3
5.45	9.30	13.00	15.35	17.10	20.00	21.15	dep.	Peiping.....	arr.	9.25	10.00	11.38		17.40	18.25	22.30	23.15
6.04	—	13.16	—	—	—	—	"	Yung-ting-men.....	dep.	—	—	—		17.23	—	22.15	—
6.20	10.00	13.30	16.00	—	20.26	21.40	"	Fengtai.....	"	9.02	9.36	—		17.05	18.03	22.02	22.50
6.44	—	13.48	—	—	—	21.58	"	Huang-tsun.....	"	8.43	—	—		16.37	—	—	—
7.39	—	14.37	—	—	21.20	22.38	"	Lang-fang.....	"	8.05	—	—		15.41	—	20.54	21.51
8.03	—	14.53	—	—	—	22.55	"	Lao-fa.....	"	7.43	—	—		15.20	—	—	—
8.36	—	15.20	—	—	—	23.16	"	Yang-tsun.....	"	7.21	—	—		14.50	—	20.19	—
9.14	11.44	15.47	17.51	19.10	22.24	23.42	"	Tientsin Central ...	"	6.56	7.45	9.40		14.14	16.10	19.55	20.54
9.23	11.52	15.55	18.00	19.18	22.32	23.50	arr.	Tientsin East.....	dep.	6.45	7.35	9.30		14.00	16.00	19.45	20.45
9.35	12.05	16.05	18.20	—	23.00	24.00	dep.	Tientsin East.....	arr.	6.30	7.05	—	11.45	13.46	15.48	19.32	20.15
10.38	13.04	17.06	—	—	—	1.01	"	Tung-ku.....	dep.	5.30	—	—	10.10	12.46	14.55	18.35	—
11.46	14.00	18.13	—	Stop	—	2.07	"	Lu-tai.....	"	4.26	—	—		11.41	14.00	17.26	—
12.34	—	19.00	—	—	—	2.58	"	Hsu-ko-chuang.....	"	3.30	—	—		10.45	—	16.34	—
12.52	15.00	19.18	—	—	—	3.15	"	Tang-shan.....	"	3.15	—	—		10.30	13.05	16.20	—
13.06	15.11	19.29	—	—	—	3.30	"	Kaiping.....	"	2.55	—	—		10.10	12.51	16.07	—
13.39	15.35	19.54	—	—	—	4.03	"	Ku-yeh.....	"	2.30	—	—		9.44	12.34	15.50	—
14.29	16.07	20.28	—	—	—	4.53	"	Lan-hsien.....	"	1.32	—	—		8.45	11.55	15.07	—
15.32	16.49	21.18	—	—	—	5.59	"	Chang-li.....	"	0.31	—	—		7.40	11.14	14.22	—
15.56	—	21.37	—	—	—	6.24	"	Liu-shou-ying.....	"	0.01	—	—		7.12	—	13.59	—
16.11	17.17	21.50	—	—	—	6.42	arr.	Pei-tai-ho.....	dep.	23.42	—	—		6.54	10.43	13.45	—
16.16	17.22	21.55	—	—	—	6.47	dep.	Pei-tai-ho.....	arr.	23.37	—	—		6.49	10.38	13.40	—
16.43	17.42	22.17	—	—	—	7.16	"	Chin-wang-tao.....	dep.	23.09	—	—		6.25	10.20	13.20	—
17.05	18.00	22.35	—	—	—	7.40	arr.	Shan-hai-kwan.....	dep.	22.40	—	—		6.00	10.00	13.00	—
						8.20	dep.	Shan-hai-kwan.....	arr.	22.00	—	—					
						16.40	arr.	Shen-yang(Mukden)	dep.	14.00	—	—					

S. D.—Sleeping and Dining Cars. D. Dining Car.

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*1st and 2nd class composite car attached on days when steamer connects.

Tientsin, 1st January, 1936.

BY ORDER.

Border Conflicts à la Japan

(Contributed)

WHY declare war?—Especially such peaceful nations as Japan? She did not declare it while sweeping away Chapei; neither while grabbing Manchukuo, Jehol and Chahar from China, nor while seizing the C.E.R. from the U.S.S.R. Japan calls all that "Conflicts."

Let us recollect that when Japan invaded Manchuria and met U.S.S.R. interests in the C.E.R. face to face, it was necessary for her to get possession of the railway because she could not allow this strategic line to be controlled by a foreign country. The U.S.S.R., being unprepared for war, willingly offered to allow Japan to buy the C.E.R. But Japanese militarists, accustomed to "free of charge" bargains, offered a ridiculously small purchase-price. Previously they pressed the new Manchukuo authorities in Harbin to arrest a number of C.E.R. high officials and kept them in custody, treating them intolerably. They did not allow them to see their families, fed them on only on bread and water, etc.

At the same time the C.E.R. was systematically destroyed by bandits, against whom the Japanese guard made insufficient resistance; the railway proper was seized; communications with other railways was stopped. All these actions were directed toward the complete disorganization and depreciation of the railway and at the same time to provocation of war.

But every bandit outrage on the C.E.R. was advertised as being inspired by the U.S.S.R. The main evidence for such a presumption was the "made-in-Russia" munitions which were found on the captured bandits. This is ridiculous, as every one in Manchuria knows that even today all Chinese railway and municipal police are armed with Russian revolvers. Hundreds of thousands of rifles were left by the Russian army and were captured by Chinese troops after the collapse of Russia. Maybe Russia supplies the Manchukuo police with arms at the present time too? Moreover, the victims of banditry along the railway lines were always U.S.S.R. subjects.

The Japanese thought by this course of action to force the U.S.S.R. to agree to their demands and hand over the C.E.R. The U.S.S.R., we pointed out already, was not willing to do so.

Under such conditions the negotiations at last resulted in Moscow selling the C.E.R. for a price one-tenth of its real worth, only in order to avoid any possibility of war with Japan.

Such are the methods which Japan uses in preparation of "peaceful" negotiations for conclusion of commercial agreements.

Having seized Manchuria, Japan faced the U.S.S.R. along her extensive and sinuous boundary line. When China ruled Manchuria the U.S.S.R. had no border incidents. But now we read reports regarding border collisions every day. What does this mean?

Absorbed deeply at the present time in her internal industrial development, Soviet Russia is far from desiring or seeking war. At the same time somewhat unstable domestic affairs and the remoteness of the Russian Far East from European Russia still further removes any suspicion as to Russia's warlike mood.

But border trouble is reported every day. Is it not again the first distant thunder of the approaching storm? Is it not again a preparation for a new invasion? Or, perhaps, the new "independent Far East State?" Why not?

In Manchukuo exist political and military organizations of White Russians, directed by the Japanese Military Mission. They possess the rights of official authority and are organized as military bodies. All Russian emigrants living in Manchukuo must willily be members of one of them. They organized the so-called "militia," which every man not over 45 years of age must join.

The Japanese also created a special settlement of Cossacks near the western end of the C.E.R. Men who live there are kept under terrible conditions under heavy guard, not allowed to leave their poor villages of a few earth-huts under any pretence.

Such are the facts; and immediately the question arises: What is all this for?

Japan will never begin a war; but there is a possibility that the population of the Russian Far East will rise in revolt against the U.S.S.R. as Manchuria did against China, and invade Russian territory over the Manchukuo border in regiments organized at Harbin. Again Japan will talk about "border conflicts" and be on hand with her army and navy to insure peace and order, and perhaps if there is no other flag to hang on to the mast at Vladivostok or Chita, a peaceful Japanese one will be presented—as a special favor to the inhabitants of those cities.

America Has Faith in China's Currency Scheme

In the face of Japanese predictions that China's currency will "blow up" by the spring, high fiscal authorities in Washington asserted Jan. 30 that they believed in the strength of the new Chinese currency and characterized as "remarkable" the quick success of China's new monetary scheme. The United States had aided China's monetary reforms, it was asserted, by trading gold credit for silver.

Frank J. Raven Sentenced to Five Years, J. W. Brown to Two Years, for Embezzlement

"LOOK at the sordid details of the manner in which these defendants carried on this business. Look at the way they juggled figures in the balance sheets, putting losses in as profits and assets. Dismissing auditors, when they wouldn't give them the kind of balance sheet which they wanted. Officers of the Finance Corporation heavily indebted to the Corporation—speculating and gambling with other people's money. Officers of the Corporation, who, when the Finance Corporation finally closed up, owed the corporation upwards of G.\$175,000, and, down to the hearing of this case, the liquidators has said he has been unable to collect a nickel from them. That is the picture we have. With that kind of background, how can Mr. Franklin, or anyone else in their senses, possibly argue that the conduct of these defendants must be presumed to be lily white? It is an insult to the intelligence, and I submit that, under the facts of this case and under all the evidence before your Honor, there should not be the slightest difficulty in your Honor finding these defendants guilty."

In these biting words Dr. George Sellett, special assistant to District Attorney Watson, closed his arguments in the U. S. Court for China last Saturday in the case against Frank J. Raven and J. Warner Brown, tried before Judge Milton J. Helmick on charges of embezzlement and false pretences.

Other arguments by Dr. Sellett were the following:

"I submit that that is a very convenient device in a criminal trial like this—to pick out a man 3,000 miles away, and endeavor to prove that everything evil that happened in connection with the business affairs of this corporation must be laid at his door. The only evidence we have of it is that of Brown, who, of course, is protecting himself, and the evidence will show that he rendered yeoman service in fully protecting Raven as well, until ultimately these men fell out, and the truth became plain! Brown, I say, was not the master mind in connection with this. It doesn't require argument on my part to prove that; he proved it in four or five days on the witness stand. The master mind behind all, I submit, is the man who was President of this corporation—Raven."

"Just look briefly at what was going on in this corporation: look at its practices—thoroughly dishonest and disreputable in about every way conceivable. In their dealings with New York stocks, we have a picture of the principal officers of the corporation. Raven is the chief speculator: he starts out with his own name the very first month, as the records show, and then that account is abandoned for an R. T. Co. code account. Then we have two R. T. Co. code accounts in Raven's name. What was the purpose of all this? I submit that the purpose was to keep from the other employees of the Finance Corporation, and, secondly, to keep from the public generally, the fact that the head of this Corporation was speculating wildly in New York stocks themselves and doing it at the expense of clients of the Corporation, because in his principal account there is a debit balance of G.\$116,000, with not a copper's worth of security against it—the only security being those worthless Raven Trust company's shares which Raven knew were worthless. He winds up with G.\$116,000 worth of indebtedness in this account. Not an indebtedness which was incurred overnight accidentally, but something which was incurred through steady and constant gambling in New York securities over a period of 4½ years. Would the Shanghai public, in those circumstances, have done business with the Finance Corporation had they known that condition existing? Who would think for a moment that they would? That was the purpose of those R. T. Co. accounts."

The Case for Raven

Mr. Evans—"I wish to reply to the suggestion of the prosecution to the effect that I called medical evidence for some other purpose than to deal with the merits of this case. This Court is charged with the duty which is the highest known to our civilization. We are not here to plead for mercy, and I now disclaim, as I have disclaimed before, any intention of doing so. This Court will do its duty regardless of consequences: those are in the hands of a higher authority, in which we must all trust."

"The accounts of the A.O.F. Corporation were made up in accordance with the system which had been long established. They were perfectly open: they didn't indicate that the security held by any of the complaining witnesses were held in safe-keeping. Moreover, the conduct of the defendants with regard to these securities was perfectly open. If the defendants had been commonly pursuing a course of wrongful conduct, nothing would have been easier for them, in the few days after May 23, than to have destroyed the records, on which the prosecution has relied in this case. The defendants are not on trial for general misconduct or depravity: they are on trial for doing certain specific things, and it must be proved that they actually did the act, whatever their intent, before we can go on to similar acts to prove intent. The defendants have

been stated to have used prominent local people, and made them directors of their several companies, "putting them in as window-dressing." Well, a director of one of these corporations was Judge Purdy. One can not imagine him as a window dresser. I wonder what he thinks about it!" (Mr. Evans slipped up on this. Judge Purdy was a director of the China Finance Co., not of the A.O.F.C.—and from that he resigned Jan. 1.—Ed.)

Case for Brown

Mr. Franklin—"During the latter portion of this trial, we witnessed the masterly cross-examination of probably the world's worst and poorest witness. I think, however, it is evident that, in spite of the fact that it appears Mr. Brown was so highly frightened on the witness stand that at times his brain almost ceased to function, throughout the trying ordeal of almost five days of grueling on the witness stand it was apparent throughout that he was trying to tell the truth, and that he was trying to prevent himself from being tripped up and entangled by a most clever and well-conducted cross-examination. I say that it is evident he was trying to tell the truth, because, regardless of his hesitancy in testifying, and regardless of his contradictions on many points, the fundamentals of his testimony remain unshaken."

At the conclusion of the arguments Judge Helmick announced that he found both defendants guilty. He adjourned Court until Monday morning.

Brown and Raven have been in the Ward Road Jail since their conviction Saturday morning. Their previous bail was automatically suspended when they were pronounced guilty.

On resuming Monday morning, Judge Helmick put the formal question as to whether Raven could put forth any reasons why sentence should not be pronounced.

Raven Makes Impassioned Pleas for Clemency

Mr. Raven thereupon said he had not taken the witness stand, because of the state of his health. He read the following statement in an impassioned manner:—

"I have been convicted on the testimony of Mr. Rosse and Mr. Brown and on the evidence contained in the Haley report and the Coquelet report. Mr. Rosse had been discharged by me for incompetency when his highly paid services were not longer useful to the company (the American-Oriental Finance Corporation). It was done in the best interests of the company and the share-holders, but Mr. Rosse has borne malice to me ever since. He never mentioned to me once in any conversation the subject of paid-up shares in the margin account. Mr. Rosse's conversations with me were always confined to Mr. Rosse and his relation to the company. I am positive and know full well he never mentioned to me paid-up shares in the margin account—not once. In Mr. Brown's testimony during the first four days he was inclined to be truthful. He said he thought he had conversations with me on paid-up shares, but he couldn't remember a single time or place or conversation, for the very simple reason that there weren't any. He maintained that attitude through four days of cruel, grueling cross examination by the prosecution. On the last day he broke down completely, so dazed and muddled that he agreed to anything and everything the prosecution said regardless of fact or truth. After working with Mr. Brown for over 12 years, I say he is a man of average ability, fundamentally and basically honest. You couldn't hire him to do a deed he considered dishonest. He has made mistakes, so have we all, but honest mistakes. If Mr. Brown will tell you the truth this morning before you pronounce sentence, he will say that under the cruel cross examination last Friday, he made mis-statements. He will say that he never showed me the Coquelet reports. They were never shown me by anyone. I have never seen them. He will tell you he can't remember any discussion of the Haley report with me, for he never had any."

"The Haley report was made at a time when I was slowly recovering from an almost fatal illness. I didn't read it. I initialed it and filed it for future reference. Haley admitted under oath that he had not discussed it with me. Brown never discussed the report with me either, and I hope he will have the courage to tell the truth today. All I ask is the truth."

"If you convict me on the two reports I never read and the evidence of these two witnesses which I know and they know to be untrue, you will be sending me, an innocent man, to the penitentiary."

"Your honor, I have nothing further to say except that I have never knowingly or intentionally committed any of the breaches of the Law of which I have been accused. This is the whole truth."

Sentence Is Pronounced

Without making any comment on Raven's remarks, Judge Helmick proceeded to pass sentence, saying:—"It is the judgment and the sentence of the Court that you, Frank Jay Raven, be remand-

ed to the care of the Marshal of this Court, to be by him conveyed to the United States penitentiary at McNeill's Island, in the State of Washington, or to some other United States penitentiary, to be hereinafter designated by the United States Attorney-General, and there be imprisoned on counts 2, 4, 5, 7, 10, 13 and 15 of the Information for a period of five years each, and on counts 4 and 5 for a period of three years each, all of the sentences to run concurrently."

J. W. Brown was similarly sentenced, two years on each count, to run concurrently.

The Crimes in Detail

The seven counts on which Raven and Brown were found guilty were the following:

Embezzlement of the proceeds of a draft dated Dec. 16, 1933, amounting to U.S. \$11,533, which was given them by L. C. M. Basset, French exchange broker, for the purpose of buying stocks.

Obtaining the sum of U.S. \$28,000 from Mr. Basset by means of false pretences.

Obtaining a further sum of U.S. \$10,000 from Mr. Basset by false pretences.

Embezzlement of the proceeds of a draft for \$507.60 in local currency from Edward P. Howard.

Embezzlement of \$1,225.97 (U.S. \$354), being the proceeds of a draft given them by Gordon Yates.

Embezzlement of \$549.18 (U.S. \$212.12), being the proceeds of a check given them by C. R. Jones.

Embezzlement from Stanley Kirkland of 25 shares of Socony Vacuum stock, 25 shares of International Telephone & Telegraph stock, 25 shares of Packard Motor Car Co. stock, 15 shares of General Electric stock, 10 shares of Studebaker Corp. stock, two shares of Radio Corp. of America stock and an additional three-sixths of a share of the same stock, the total amount of the value of the stock being U.S. \$1,007.92.

Appeal and Bail

Notice of appeal to the Circuit Court of Appeals in San Francisco against the conviction of Raven and Brown was filed Feb. 1. Motion for bail was filed at the same time. The grounds for the appeal were:

1. That appellants were denied a trial by jury.
2. That appellants request for special findings of fact and conclusions of law were refused.
3. That the acts with which the appellants stand charged were not committed within the jurisdiction of the court and therefore the trial court had no jurisdiction to try appellants.
4. That the trial court committed error in various rulings made during the course of the trial with respect to the admission of evidence.
5. That the motion of appellants to dismiss the charges was denied.
6. That the motion for arrest of judgment was denied.
7. That the verdict or findings of the trial court that appellants were guilty of seven counts in the information against them was contrary to the evidence and the weight of the evidence.

Minor Notes on the Raven Case

A large crowd had gathered to hear the sentences pronounced. As Raven was being led away a group of Russians, some of them women, hurled imprecations at him because of losses they had suffered in the institutions of which he was the head.

The only stenographic record of the case available to the public at the present time has been made by a British newspaperman, who has advertised in the principal British newspaper here that he has copies of the record for sale.

John Bassett Moore Attacks American Neutrality Bill

A sensation was created in political circles in Washington, Feb. 2 by a violent denunciation of the Neutrality Bill by John Bassett Moore, a leading United States authority on international law, before the Foreign Affairs Committee of the Senate. Mr. Bassett Moore described the measure as a "curious blend of homicidal with suicidal mania."

He said it was "generally incoherent," and that it had been inspired by the thought of enabling the United States to cooperate with the League of Nations, or with individual members of that organization, in such coercive measures as they saw fit for the purpose of enforcing peace.

"The plan to permit the President to curb export of raw materials," he said, "will obviously bring us fully into any war to which it is applied."

The jurist told the Committee members that attempts to apply the theory of "normal quotas" to exports of raw materials were equally futile, since the shipment of "normal" amounts of such materials to a belligerent country would imply a duty or pledge on the part of the United States to give such shipments special protection. He added that the entire bill was inspired by the thought that it would enable the United States to co-operate with the coercive measures of the League of Nations.

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Can China Preserve Her Political Entity?

BY C. Y. HSIEH (謝志斌)

THE question posed above bids fair to be the capital issue to be settled in 1936. As a fulfilment of political prophecies perhaps, but in consequence of recent events certainly, it has come to the foreground with more menace than reassurance. It means in effect that the day of reckoning in the Far East, whether for good or for evil, can no longer be put off.

In this connection H. J. Timperley, the well-known North China correspondent of the *Christian Science Monitor* did not paint the situation in too dark colors when he concluded, after his recent fact-finding visit to Nanking and Shanghai, that "China's continued existence as a political entity is threatened more gravely than at any time since the presentation of the so-called 'Twenty-one Demands' in 1915." Mr. Timperley found Japan's instrument for cowing China into abject submission in Hirota's three-point program, the full implications of which were given by a recognized authority on Far Eastern affairs as follows:

"Firstly, Sino-Japanese cooperation against communism.—The effect of this would be to legalize in Japanese eyes the sending of Japanese troops to any desired region of China for the ostensible purpose of suppressing communism—a term which undoubtedly would be used to cover everything regarded as anti-Japanese.

"Secondly, China to abandon her traditional policy of playing off one power against the other. China would be obliged to agree to have no relations with any outside country except with Japanese consent and possibly under Japanese auspices.

"Thirdly, settlement of outstanding questions between China and Manchukuo, and cooperation between China, Japan and Manchukuo in economic matters.—Probably this would mean the formation of an economic bloc embracing the three countries and the extension of Manchukuo currency southward into North China."

The Chinese were practically given to understand that their only choice lies between an almost complete capitulation on the one hand and a disastrous armed conflict on the other. Moreover, with the replacement of Wang Ching-wei by General Chiang Kai-shek as President of the Executive Yuan, no further dodging of the issue is possible and the way is cleared for a Sino-Japanese showdown.

At the same time the domestic situation is as sorely in need of vitality as before. The new administration in Nanking, admittedly stronger than the previous one, is not as representative as it was at first thought to be. The prospect of national unity, bright as it seemed at times, does not warrant unstinted optimism. For the crucial fact remains that the all-mighty triumvirate of General Chiang and Messrs. Wang and Hu Han-min, each strong in certain respects yet somehow incomplete without the support and cooperation of the others, have not learned, for the sake of the country, to see eye to eye with one another. Unity missions may come and go and the press may play them up with highly encouraging reports, but one need not be a cynic to doubt if "the big three" who have China's destiny virtually in their hands, could place public weal before their personal or factional considerations. Even granting that Hu would proceed to Nanking to take up his post as Chairman of the Central Executive Committee, there is no absolute guarantee that feudal regionalism of the Southwest might come to an end. Such is the tenacity of centrifugal forces in Chinese politics!

If the political tendencies fill one with misgivings, even more so do the economic trends. According to figures now available, China's foreign trade during the past year suffered a further heavy decline. To some extent the large decrease in the excess of imports over exports seems to be a hopeful sign, but the whole picture of our business and commercial life presents no other redeeming feature.

Intensified trade depression could not but have an adverse effect on the national financial position. The recent uneasiness over domestic bonds, quite apart from any artificial manipulations if any, was not unexpected. In any case, it would be difficult to maintain confidence when factors making for it are gradually weakening. For one thing the Customs receipts have registered a marked decrease, and there is the danger of the cutting off of North China revenues. Furthermore, while convincing success of the monetary reforms is still awaited, the recent issue of new bonds has not been received with approval. In some quarters it has been taken as a cause for alarm lest the Government's currency and financial policy may degenerate into inflation of one form or another. And this is also what the failure of the reforms will lead to. It must be said in all fairness that some of the steps lately taken by the Government are bold and also beneficial ones if properly carried out, but that failure would bring with it heavy and severe penalties.

It is to a China deep in the throes and pangs of these unprecedented political, economic and financial difficulties that Japan thrusts her demand for a showdown. Her action may be the last straw. Or, as has more than once happened in history, it will prove eventually the common denominator by which domestic differences may be solved and a united front presented to the aggressor. Time and human endeavor will decide which is the outcome.

Gaimusho Denies German Alliance Rumors

Replying to a foreign correspondent's query on the rumored Japano-German military alliance, a spokesman of the Foreign Office in Tokyo Feb. 3 asserted that "no Japanese believes in the report." Citing the categorical denial of the rumor issued by Naotake Satoh, Ambassador to Paris, the spokesman pointed out to the "vicious circle" travelled by the rumor, which was traced by Moscow to London, where it was attributed to Paris, which, in turn, placed the origin of the report outside of France. Questioned regarding the reported Anglo-Soviet rapprochement, in connection with the visit to London of Maxim Litvinov, Soviet Foreign Commissar, the spokesman said that the two countries are "not likely" to come together in their policy towards the Far East.

Pointing to the rapidly changing political scene in Europe, the spokesman said that the Japanese were unable to follow the developments.

"Anyhow," he added, "Japan will not be affected by changes in the European situation".

Japanese Officials Discuss Trade Policy Towards Britain

Means whereby Anglo-Japanese trade friction may be minimized were discussed in detail Jan. 31 by Tsuneo Matsudaira, Japanese Ambassador to the Court of St. James, who is now on furlough in Tokyo, and Saburo Kurusu, director of the Foreign Office.

Japanese Steamers Feel German and Italian Competition

Construction of three 18,000-ton super-liners by the Nippon Yusen Kaisha, for operation on its Orient-Europe run, is held unavoidable in Tokyo shipping circles in view of the increased competition offered by German and Italian lines in the Far Eastern passenger trade.

Japanese Mill Will Seek China Raw Cotton

Four of Nippon's most important raw cotton and textile manufacturing associations decided Jan. 31 to seek the development of raw cotton cultivation in China, to meet the needs of Nippon's rapidly growing textile industry. The importance of the meeting was enhanced by the presence of Mr. Arita, Ambassador-designate to China, who is scheduled to leave for his new post before the end of this month. In developing raw cotton plantations in China, the conferees agreed to seek the assistance of the recently formed Shantung Raw Cotton Improvement Association, a joint Sino-Japanese undertaking.

Japanese Bankers Warn Against More Investments in Manchukuo

A warning that further Nipponese investments in Manchukuo may result in the tightening of the domestic money market was given by the Tokyo Clearing House Feb. 3. The statement, however, added that hitherto no fears have been entertained in this connection, as Nippon's investments in the new Empire, totalling nearly Yen 800,000,000 in the past four years, have been nearly balanced by the favorable balance of Yen 570,000,000 in the trade between the two countries.

Japanese Actor to Star in a Siam Movie

Nippon's best known movie star, Sesshy Hayakawa, has been selected to play the leading role in a picture depicting the life of Nagamasa Yamada, a Japanese adventurer who contributed a glorious chapter to the history of Siam, the International Cinematography Association announced in Tokyo, Feb. 3.

Gaimusho Says Chinese Loan Announcement "Too Abrupt"

Declaring that the Chinese Government's announcement regarding the funding of loans was "too sudden and drastic," high Gaimusho officials Feb. 3 predicted that the new regulations would be followed by serious financial unrest.

Aizawa Claims Inability to Remember Murder Details

Claiming that he could not remember, Lieut.-Col. Saburo Aizawa, on trial for the murder of Lieut.-Gen. Tetsuzan Nagata, former Director of the Military Affairs Bureau of the Japanese War Office, Feb. 4 foiled efforts of the prosecution to secure a description of the scene at the time of the tragedy.

Japan to Fortify Formosa?

The eventual cancellation of Pacific non-fortification clauses embodied in the Washington Naval Treaty, expiring in eleven months' time, will not prejudice the interests of Japan, as she will then be at liberty to fortify Formosa, thus securing a naval base enabling her to gain control over the entire Chinese coast. Such was the opinion expressed in Japanese quarters in London Jan. 30 in commenting on the future of naval problems. The creation of a base at Formosa, these quarters said, would completely counter-balance the danger which Japan's security would run in case of fortification of Guam by the United States.

West Is Seen Bowing to Will of Japan by "Foreign Policy" Speakers

Japanese dominance over China and the Far East will be extended at the expense of the Western powers, it was agreed by three speakers who arrived at their conclusions from different points of view, at a luncheon of the Foreign Policy Association at the Hotel Astor in New York Jan. 4. The topic of discussion was "Should Western Powers Get Out of Asia?"

Sir Arthur Willert of the British Foreign Office News Department and former Washington correspondent of The London Times said that while British public opinion did not wish to see a lessening of British prestige in Asia and would prefer to maintain the present British position there, Great Britain is devoted to "the collective security system of the Continent," and is too occupied at home to concern itself actively with Japanese aggression.

Nicholas Roosevelt, former Vice Governor of the Philippine Islands, said that while he regretted the step, the United States is committed to a policy of withdrawal in the Far East.

Nathaniel Peffer, writer and authority on Far Eastern affairs, said that Japan will make the decision and that our only choice is war or acquiescence in Japan's aims which will shut the Western nations out of the Orient.

Breakdown of Treaties Seen

Sir Arthur said that quitting Asia implies an end to the open-door policy in China and scrapping of the Kellogg Pact, the Washington treaties and the covenant of the League of Nations. "It will almost be bound to lead to a serious slump in the white man's prestige all over the Continent of Asia," he said. "That is not a prospect which commends itself to any Briton."

"When I say that I think that the Far East is considered by British opinion to present a less urgent problem than Europe I do not mean that we are not interested in it, that we do not recognize its importance or that we should hang back from doing what we can to help in its solution. But I think that we should be relieved if the Pacific powers would take a leading part in formulating a Pacific policy, while we concentrate upon Europe."

Sir Arthur termed Britain's policy as one of "watchful waiting."

Mr. Roosevelt took the view that the Washington treaties and the open-door policy in China already have broken down under Japanese aggression.

"We are on our way out and I do not see what can be done to stop it," Mr. Roosevelt said. "We are moving toward a policy of 'Little America' again. We shall see in ten, twenty or thirty years a much more powerful Japanese Empire and we will regret that in 1935 America adopted a policy of scuttle in the Far East."

He said that failure to build the U.S. navy to treaty strength, relying on the paper assurance of parity, made it necessary in 1931 to "follow the good old American custom and write nasty notes but when Japan went ahead we said in fact if not in form. 'You are very naughty and you shouldn't do it.'"

Three Alternatives Suggested

Mr. Peffer was even more pessimistic regarding the future of Western nations in the Far East. In answer to the question of whether the Western world should remain in the Far East, he said there were three alternatives, "No. 1, yes; No. 2, no; No. 3, dodge the issue."

If we decide to stay in the Far East, he said, "we must get a navy and prepare to use it. To me the choice is, 'You can keep your sons or you can keep your prestige; you can't keep both.'"

"One thing we cannot do—that is, insist upon the open door—for the very good reason that Japan will not let us. Japan will ignore all treaties. It will conquer all of China. And having conquered it will close that open door and freeze out the rest of the world."

From the short-range point of view Mr. Peffer said:

"You can stop Japan by war only, or you can allow this train of circumstances (imperialistic expansion) which we set in motion 100 years ago. I submit that the last is less costly. Wars never settle anything."

Looking at the long-range view Mr. Peffer said, "The lesser evil is to take our chance with the working of time. Japan may overreach herself." But he emphasized that the decision must be made now.

"Wars are made twenty years ahead," he said, "and you cannot stop them six months from the date they begin."

Chinese Monetary Reform Is Discussed by M.K.P. Chen

An article on the Chinese monetary reform of November 4 1935 appears in the current issue of the French revue *Economie Internationale* over the signature of M. K. P. Chen, general-manager of the Shanghai Commercial and Savings Bank, a former president of the National Committee of Chinese Chambers of Commerce, and member of the Shanghai Municipal Council. Mr. Chen interprets the government's reform as an important step toward international currency stabilization.

I. D. EMULSION of COD LIVER OIL

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INTERNATIONAL DISPENSARY

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SHANGHAI

In the United States Court for China

In re

Last Will and Testament

of

SUSAN WADDELL HSU

Deceased

Cause No. 4005

Special Proceedings
No. 1046

NOTICE OF
PUBLICATION

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of SUSAN WADDELL HSU, deceased, to present the same with vouchers to the undersigned on or before August 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. H. Gleysteen, Executor
Presbyterian Mission
Erh Tiao Hutung
An Ting Men Nei
Peiping

Peiping, China.

Chinese War Lord Dreams of Russia

BY HALDORE E. HANSON

NINETY miles north of Shansi's capital, in the little village of Hopientsun, one Chinese war lord is spending an anxious winter. The farmers are grumbling about land reforms; the soldiers are tired of building railways; the urban population is fearful that the provincial money will collapse.

Externally the province is surrounded by enemies antithetic to the kingdom of Shansi. On the north Manchukuan troops are reconnoitering the border of Suiyuan, and it is only a matter of time till Yen Hsi-shan will be forced to fight or surrender one half of his territory. On the west of Shansi a well organized band of communists are besieging the city of Yen-an, whence government generals report that this band may soon stage a bold flight across Shansi to the southeastern hills, along the border of Honan. From the east, by way of the Hopei-Shansi railway, a steady procession of Japanese agents is arriving in Taiyuan, some demanding commercial concessions, some negotiating in the interests of the autonomy government. On the south the Nanking government has redoubled its effort to woo Marshal Yen into the fold, but few observers in Taiyuan place any faith in his recent visit to Nanking and the subsequent acceptance of a national military post.

Yen Hsi-shan is a lone wolf, distrusted at home, surrounded without, too weak to meet any one of his enemies single-handed. Which way he will cast his straw depends not on himself, but on the swiftness of his enemies and the willingness of Nanking to join in a national offensive.

Meanwhile Marshal Yen is not idle in his dream to create a little Russia, all industry and transportation owned by himself, all land in the hands of the villages, all imports and exports regulated by himself, and private income restricted to able-bodied workers.

How Marshal Yen Hsi-shan Operates

Industry was his first consideration. After his return from exile in Dairen during 1931, he promulgated a ten year industrial plan aiming to develop a system of narrow gauge railways, and to gain control of the principal industries by heavy taxation or outright purchase. He now operates the rich coal mines at Yangchuan, the arsenal and powder factory in Taiyuan, and the provincial opium monopoly which has earned enormous profits since 1933. The only important sources of revenue outside his control are the match factory in Fenchow, the wool and glass factories in Taiyuan, and the agricultural land of the farmers.

The agricultural land was his next interest. Seventy percent of the farmers of Shansi own all their own land; twenty-seven percent are part owners, and but three per cent are landless tenants. Farmers who own their own land are always an independent lot, and Shansi has more than her share. If Marshal Yen could transfer this privately owned land to the control of the villages, it would greatly increase his power, because the Shansi village governments are dominated by district magistrates appointed from Taiyuan.

Under the guise of resisting communism Marshal Yen proposed in October, 1935, that all land owners should voluntarily present their land to the village, and receive in return provincial bonds equivalent to the present land value, maturing in twenty years. His official propaganda was this: the communists are dangerously near. If they cross the Yellow River from north Shensi, they will win the peasants by declaring a holiday for all rents, just as they did in Kiangsi and Hunan. Therefore we must do away with the rich land owners.

The reasoning was ridiculous, and every agricultural expert in Shansi knew it. The farmers owned the land, not the rich land owners. In December the Marshal tried to inaugurate this plan in his own village of Hopientsun north of Taiyuan, but the village elders refused to attend his meeting. Agricultural investigators discovered that 86% of the farmers in that village owned all their own land, 13% were part owners, and only 1% were landless tenants. No wonder they resorted to passive resistance.

Enforcing of the land plan has now been postponed for fifteen months to make possible an intensive propaganda period. First the school teachers and principals were subjected to a four day instruction course at Taiyuan under the personal direction of Yen Hsi-shan. Next the middle school students were compelled to study a booklet explaining the economic reforms. The farmers are being informed by a new provincial society called the Good Men's Army, which every district magistrate has been compelled to organize. The land plan may yet be inaugurated by military force, but it will never secure the approval of the farmers.

The extension of the provincial railways has been equally ruthless. All the necessary lands were confiscated, and the villages were compelled to construct the neighboring sections of track with their own funds. The provincial army was used for the mountainous areas, but the villages were compelled to pay the soldiers 10 cents a day. Five hundred miles of tracks have been laid in the past two years, and another 350 miles are scheduled to be finished in 1936. These railways comprise an integral part of the industrial

program, since they are bankrupting the parallel bus lines and leading to a monopoly on transportation.

The salvaging of the provincial currency is Marshal Yen's most distressing problem, and one which probably cannot be remedied before Shansi sails off in another orbit. In 1931 when Marshal Yen fled to Dairen after the bombing of Taiyuan by Chiang Kai-shek, Shansi currency crashed, leaving a \$70,000,000 loss in its wake. Upon his return Marshal Yen organized a dozen small banks each guaranteed by a specific industry, the salt bank, the agricultural bank, the land bank, the railway bank, and so on; all this money was theoretically redeemable in silver. Throughout 1935 the bankers of Taiyuan were expecting another crash, but it never came; the Nanking order to withdraw all silver saved the province. Now Shansi is left with unknown millions in paper money and not an ounce of metal reserve to back it.

A Two-Faced Monetary Policy

Marshal Yen returned from Nanking last December with a two-faced monetary policy aimed to fool both the city dwellers and the farmers. In Taiyuan he announced that he was willing to pay out one dollar silver for every Shansi bank note presented. His strategy was undoubtedly to instill new confidence in his money, but so many people demanded payment that in less than two days his silver supply was exhausted.

For the farmers he adopted a different scheme. Through the market towns of the Taiyuan plain he sent a procession of drum beaters, quite similar to the Japanese medicine parades in Peiping, the criers and placards commanding the people to keep their silver, and forbidding them to use national bank notes. The farmers still prefer Shansi notes to the strange national currency, and it is impossible to spend Bank of China notes outside of Taiyuan, except on trains and buses.

The ultimate solution of the money problem, according to, Yen Hsi-shan is the adoption of a new scrip money which was first used in the provincial industries two years ago. By carefully issuing this money only to able-bodied workers, or those who perform a tangible service, it is the Marshal's conviction that the paper will act as a negotiable receipt for service rendered, without intrinsic value. Any student of monetary history knows that such a plan depends upon the integrity of the government, and that no government in previous history has been able to control the issuance of printing press money.

Upon the issuance of this new scrip money the Marshal bases his most radical project: he would like to restrict all private income to those whose perform an active service. Rent would be eliminated by the socialization of land. Interest on private capital would be driven from the province by ruinous taxation (he fails to explain what would replace the omnipresent pawn shop). The only remaining form of income would be scrip money, awarded to those who work or serve.

Thus the war lord of Shansi is spending an anxious winter dreaming dreams of a little Russia, but his picture is haunted by numerous fears, fears of disgruntled farmers and soldiers, fears of the Kwantung army, the communists, the autonomists, and the Nanking government. The once model governor may soon be a minion of external ambitions.

Taiyuan, Shansi, January 22, 1936.

Greater Shanghai Municipality's Model Villages Prove Popular

Already over 1,000 people are living in Greater Shanghai's four model villages and applications for houses have been received from 300 additional families. The villages were erected last year under the direction of the Labor Welfare Commission at a cost of \$1,500,000 and are located at strategic points in the municipality at Chi Mai Road, Chungshan Road, Paoshan Road and Tai Mo Bridge. A formal opening by Mayor Wu Teh-chen will take place sometime this month.

Each village is managed by a corps of trained social workers headed by a director, who see that the families are comfortably settled in their new homes and observe regulations regarding cleanliness and order. Present plans call for the opening of kindergarten, grammar schools and evening classes for adults. Outsiders will also be admitted to the schools, thus making the model villages the centers of the surrounding areas. Each village also has a co-operative store in which each resident owns \$2.00 worth of stock.

The number of individuals who may occupy one house is strictly limited. Some families have wished to "double up" in order to save rent, but those in charge have informed them that this is impossible. On the other hand, no one family can rent more than one house.

Admittedly many problems have arisen during the first few weeks of occupation, but on the whole the scheme seems to be proving more than satisfactory.

Who's Who in China

Shih Chi-sheng, Government official; native of Tungcheng, Anhwei; was graduated from the Department of Literature of



施 驥 生 字 樂 衡
Shih Chi-sheng

Peiping Municipal Government; now chief secretary of the Tientsin Municipal Government; address: Tientsin Municipal Government, Tientsin.

施驥生字樂衡，安徽桐城人，江淮大學文學系畢業，歷任蕪湖道尹公署秘書，安徽省長公署秘書，國民革命軍海陸空軍司令部上校秘書兼代理陝縣縣長，豫南行政長公署秘書主任，北平特別市政府秘書主任兼官產局會辦，吉林扶陵煤礦秘書處長，陸軍二十九軍秘書，北平市政府參事，天津市政府秘書長。

THE GIST OF JAPANESE PRESS OPINION

The Nanking Government in its latest statement issued denies part of Koki Hirota's Diet speech about Sino-Japanese relations. Japan's China policy as enunciated by the Japanese Foreign Minister is what is unanimously supported by the Japanese. China is only ruining herself by trying to reject it.—*Tokyo Miyako.*

General Chiang Kai-shek in his latest interview with Major General Isogai, emphasized his desire for Japan's respect of Chinese sovereignty as one condition for Sino-Japanese friendly co-operation. If General Chiang means to deny Manchukuo's independence, he is putting forth a demand that it is quite impossible to meet.—*Tokyo Miyako.*

The Manchou-Outer Mongolian border troubles are frequently recurrent of late due no doubt to vague demarcation. There is reason to believe that behind the Outer Mongolians is a certain foreign influence. With this fact duly in view, Japan must keep a vigilant watch over the situation.—*Tokyo Chugai.*

Japan is gradually becoming isolated abroad, while there is growing unrest in its social life at home. The most important thing for the authorities to do at this juncture is to "stabilize" the popular spirit. The most effective way to attain the aim in view is to ensure better politics through better elections.—*Tokyo Kokumin.*

Judging from the budget estimates for 1936, there is no gainsaying the fact that the Takahashi finance is already driven to the verge of bankruptcy. And yet our Finance Minister would be against taxation increase as if to fawn upon capitalists. Herein lies the weakness of his finance.—*Tokyo Yomiuri.*

In a local Prefecture more than half the educational inspectors have been arrested on a charge of corruption. Such offences are abominable in any society, but in educational circles they are the worst. The educational authorities must strive for improvement in the situation.—*Tokyo Nichi-Nichi.*

Under the present social circumstances, the majority of the lower classes have no medical facilities. There are more than 3,000 towns and villages where not a single physician is resident. It must be hoped that this state of affairs will be early remedied.—*Tokyo Jiji.*

The Premier is reported to have decided on participating in the forthcoming election by making a tour of the country. Such a decision, if earnestly made by him, carries profound significance, since it marks a shift of administration from bureaucratism into partyism.—*Osaka Asahi.*



WHEN RIDING LOSES ITS THRILL.

There is nothing better than a daily ride to keep the body and brain in a healthy, active condition. It is for this reason that riding is a favourite exercise among those who can afford it in most countries of the world.

But it happens sometimes that even to its most ardent devotee riding ceases to be a pleasure; he finds that he quickly gets tired, is conscious of a loss of confidence and enthusiasm.

Why this staleness? The answer almost invariably is that for one reason or another something has gone wrong internally, the blood is at fault, the nerves are run-down, and so the whole system has ceased to function properly.

Such symptoms should not be neglected, and they can be easily and quickly remedied, as a rule, if promptly and properly treated. For instance, innumerable people have found in a short course of Dr. Williams' Pink Pills, the world's most famous blood builder and nerve tonic, just the treatment needed.

The prescription of an eminent physician, an M.D. of Edinburgh University, these pills contain iron in a form which is readily assimilated and quickly absorbed into the blood. Recently in Canada over one hundred people had their blood tested before and after taking Dr. Williams' Pink Pills to see what improvement in iron and health they had gained. The tests irrefutably proved that Dr. Williams' Pink Pills definitely increases the iron in the blood and that health and vitality and resistance to disease are greatly improved. In taking Dr. Williams' Pink Pills you are using a "tested" remedy. If you are suffering from any of the consequences of impoverished blood, digestive weakness, nerve troubles, headaches, insomnia, rheumatism, sciatica, lumbago, premature ageing, or the aches and pains peculiar to women, begin your cure to-day with Dr. Williams' Pink Pills, they are sold by chemists everywhere.

Dr. Williams' Pink Pills.

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

Address orders to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII
Shanghai.

Men and Events

Anna May Wong, Chinese film star, is due here Feb. 10 from Honolulu.

The 1936 Fords have arrived in Shanghai and are now being displayed at Bills Motors, Avenue Foch.

W. H. Donald, who has been ill for some time and receiving attention in the War Memorial Hospital in Hongkong, is improving.

The sixth mass marriage ceremony took place Feb. 5 at the Civic Center at Kiangwan, near Shanghai, when 94 couples were united.

Dr. C. T. Wang, former Minister of Foreign Affairs, was in Tsingtao last week to attend the annual meeting of Rotary International in China.

Dr. Carleton Lacey occupied the pulpit of the Fourth Marines Church in Shanghai last Sunday owing to the indisposition of Chaplain Witherspoon.

Louis Beale, Commercial Counsellor to the British Embassy, returned to Shanghai Jan. 30 accompanied by Mrs. Beale after an absence of 15 months.

Mayor Wu and Madame Wu Te-chen gave a farewell reception at their home in Avenue Haig, Shanghai, Feb. 2, in honor of the retiring Japanese Ambassador and Madame Akira Ariyoshi. Mr. and Mrs. Ariyoshi are departing for Japan to-day.

An interesting address was delivered to members of the Shanghai Rotary Club in Shanghai Jan. 30, by C. Chen, president of the China Travel Service, upon "Beauty Spots of China."

Among the provisions of the revised stamp tax law which were approved by the Legislative Yuan Jan. 31 was one to the effect that checks are to be temporarily exempted from tax. Checks up to this time have had to bear a two-cent stamp.

This being Leap Year, the month of February has 29 days. February, although it is the shortest in the year, will nevertheless see five issues of *The Review*, viz., Feb. 1, 8, 15, 22, and 29—as against only four issues during January.

Dr. H. H. Kung, visited Changshu last week to attend the foundation-stone-laying ceremony of a new dam. After a speech by Dr. Kung, a report on the history of the dam was delivered by Fu Ju-ling, chairman of the Yangtze River Commission.

George F. Shecklen, representative in China of the Radio Corporation of America, returned to Shanghai last week after a six months' holiday and business trip to Europe and America. Mr. Shecklen is enthusiastic over coming radio developments in this country, in the building up of which he has taken an active part.

FINANCIAL NOTE.—The prices for gold-fish in France and for lions on the London wild animal market have more than doubled in the last month owing to the fact that the ranks of the Italian gold-fish breeders and of the Ethiopian lion catchers have been depleted because many of them have been drafted for war service.

A delegation of power experts will be despatched by the Chinese Government to attend the third convention of the International Power Research Society which is scheduled to be held at Washington next September. Pao Tao-sun, Professor of Civil Engineering at the National Tsinghua University, will be one of the delegates.

R. E. O'Bolger, Manager for China of the Eastman Kodak Company, has been appointed to the Board of Managers of the Shanghai American School. J. E. Swan, of Swan, Culbertson and Fritz, who was formerly on the board, is retiring due to the fact that he is contemplating a long vacation in the United States.

Hailing the simultaneous birth here and in Tokyo of the sister Sino-Japanese Trade Association, the Shanghai *Mainichi* stated Jan. 27 it is necessary to make the Chinese understand that the proposed economic cooperation does not signify Japan's economic encroachment upon China.

The *Tokyo Jiji* reported Jan. 30 that the Canadian Pacific Steamship Co., suffering from competition of Japanese trans-Pacific lines, was planning to tie up the steamers *Empress of Russia* and *Empress of Asia*, continuing its Far Eastern service with the *Empress of Canada* and the *Empress of Japan*. The fact is the two old boats will be replaced by new ones.

C. F. Cress, Executive Manager of the Far Eastern Division of the Chrysler Export Corporation, is now a visitor in Shanghai. Mr. Cress stated that his company is making every effort to study road conditions in China and that a considerable amount of optimism is called for in regard to improvements in this phase of the country's modernization.

For services rendered in furthering Sino-German relations, the Chinese Government has conferred the Grand Cordon of the Order of Brilliant Jade upon Gen. von Blomberg, Reich Minister of National Defence; Dr. Hjalmar Schacht, Minister of Economy; Gen. von Seckt, one-time adviser to Gen. Chiang Kai-shek; and Herr Keppler, economic adviser to Chancellor Hitler.

The Ministry of Justice last week issued an order to all the courts giving the status of a concubine. The order states: "A concubine has no status before the laws of the country. The master of the family (the husband) has no marriage ties with his concubine. If a concubine is found guilty of adultery with another man, the master has no right to sue her before the courts."

The new U. S. Consul-General in Shanghai, Clarence E. Gauss, will arrive here on the Dollar liner *President Hoover* Feb. 10.

C. J. Chancellor, general manager for *Reuter* in the Far East, departed from Shanghai for Singapore this week for a two months' holiday.

Dr. Esson M. Gale in an address before the Shanghai American Women's Club Feb. 4 described the historical background of China's salt control service.

The trial commenced in the Shanghai British Supreme Court Feb. 4 of the two British policemen in the service of the Shanghai Foreign Settlement charged with murdering a Chinese beggar by throwing him into the Soochow Creek.

Dr. O. C. Kiep, head of the German Economic Commission to the Far East, and Gustav Rosenbruth of the Reichsbank and a member of the Commission, paid a formal call on Mayor Wu Te-chen at the Shanghai Civic Centre, Feb. 4.

According to information from the Post Office, the plane on the Paksien-Kunming line, under the auspices of the China National Aviation Corporation, has temporarily stopped calling at Kweiyang. Acceptance of air mails for Kweiyang for transmission through Paksien, therefore, is now suspended.

Agreement to seek the election of three Japanese representatives to the Shanghai Municipal Council in the forthcoming elections in March was reached on Monday at a meeting of the standing committee of the Amalgamated Association of the Japanese Street Unions.

"A man who has just had his house robbed is watchful," Julian Arnold, American Commercial Attache, told a *China Press* reporter when asked to comment upon the outcome of the Raven trial and whether or not it would be necessary to change existing corporation laws. "I see no reason to change the laws affecting American firms in China," Mr. Arnold continued. "The trial which has just been brought to completion has done far more than legislation could possibly do."

The action brought by Maurice Zimmerman seeking control of his wife's property, Mrs. Freda Zimmerman, (from whom he is separated) was dismissed by the 2nd Special District Court Feb. 3. The decision was given in accordance with Art. 1010, Section 2 of the Chinese Civil Code, which provides that no one who himself has not sufficient assets to cover his liabilities shall be appointed as an administrator. This dispute has been pending for a long time and the next step of the plaintiff will probably be an appeal to the higher court.

The weather, although exceedingly mild for this time of the year in the Shanghai region, has played devastating pranks in various parts of the world during the week. The worst snow storms in half a century on Feb. 4 and Feb. 5 tied up Japan's entire Pacific seaboard. At the same time scores were frozen to death in the New York area. The greatest ice blockade in two decades has been formed off Tientsin in North China.

The Japanese Government Jan. 31 assented to the appointment of Hsu Shih-ying, Chairman of the Chinese National Famine Relief Commission, as China's Ambassador to Tokyo. The Nanking Government at the same time consented to the appointment of Hachiro Arita, former Ambassador to Belgium as the Japanese Ambassador to China, in succession to Akira Ariyoshi. Mr. Arita is expected to leave for his new post before the end of this month.

The Yu Fong Cotton Spinning Co., a Japanese firm of Shanghai with a 5,000-spindle branch mill in Tsingtao, is contemplating opening another plant in Tientsin. Itsuji Hishida, the managing director, is now in Japan discussing the plans with the directors of the Tokyo Cotton Spinning Co. The Tientsin municipality has offered a large plot of ground for the factory site.

The death occurred in Shanghai Jan. 30 at the age of 58 of Dr. P. H. Lo, Counsellor to the Municipality of Greater Shanghai. A prominent resident of Shanghai, Mr. Lo was formerly Minister of Foreign Affairs to the Canton Government and later joining the Nanking-Shanghai Railway, he became Secretary to that organization and subsequently Managing-Director.

By order of the Executive Yuan, the Minister of Education has issued instructions to various school authorities throughout China to the effect that stricter disciplinary measures be applied to the students in view of the recent patriotic movement. The orders warn the students not to foment strikes or interfere with the administration of educational institutions, or do anything that may upset peace and order.

The Shanghai telephone service will go on a message rate basis March 1, instead of a monthly flat rate as at present. The rate has been fixed at Chinese \$0.03 per message. The rate in New York City is U.S.\$0.05 per message—more than five times as much as in Shanghai. The introduction of the three-cent rate for private use will undoubtedly result in the rate for public phones being reduced to five cents. In most places in the United States the two rates are the same. For one thing the new Chinese ten-cent coin will not fit the public phone receptacle, but the five-cent coin will. Besides few people would use a public phone at the ten-cent rate, knowing that a similar service is available elsewhere at less than one-third that sum.

The Harbin branch of the Soviet banking institution, known as the Dalbank, has completed its liquidation. The Chartered Bank of India, China and Australia will be its correspondent in Manchukuo. Said British firm is entrusted with the collection of some one million yuan still uncollected by the Soviet institution from several lase Harbin firms.

Miss Liang Yen, daughter of Dr. and Mrs. V. Y. Yen, of Shanghai, was married in London, Feb. 4. to N. L. Lieu, son of O. S. Lieu, former general manager of the China Merchants' Steam Navigation Co. in Shanghai, Quo Tai-chi, the Chinese Ambassador, officiated.

The Executive Yuan at a meeting Feb. 4. accepted the resignation of O. S. Lieu, managing director of the China Merchants Steam Navigation Co., and the present board of directors. J. K. Choy, Commissioner of Finance of Greater Shanghai, was appointed as Mr. Lieu's successor while Tan Po-ying, managing director of the Shanghai City Government Ferry was appointed the vice-director.

Alleging defamation, G. A. Efron, jeweller, has brought a claim for \$24,000 damages against the *Shanghai Zaria* in the Second Special District Court. The case was adjourned Jan. 31 without the hearing of any evidence owing to the absence from Shanghai of one of the parties. Defendants named in the suit were Mrs. I. V. Lembitch, publisher; L. V. Arnoldov, editor; E. S. Kaufman, managing director; N. H. Teplyakoff, manager; and A. E. Weiss, of said Russian newspaper.

There are three outstanding obstacles that hamper the growth of the co-operative movement in China, W. K. H. Campbell, League expert attached to the National Economic Council, told the members of the Nanking Rotary Club at a weekly meeting Jan. 30. These obstacles, according to Mr. Campbell, are the lack of practical experience on the part of co-operative workers, shortage of literature on co-operative movements and absence of centralized control and supervision of co-operative enterprises.

During a visit to Nanking last week Percy Chen, son of Eugene Chen, called on Dr. Sun Fo, Marshal Feng Yu-hsiang, and other leaders including Chang Chun, the Foreign Minister, with whom he conversed for an hour and a half. Mr. Chen also interviewed the heads of the Agricultural Bureau of the N.E.C. and discussed matters connected with the marketing of tea in foreign countries. Mr. Chen has recently been in Russia with the object of furthering the Chinese tea trade in Russia. One of the difficulties, however, is that Russia is itself developing a tea industry.

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New Books of Interest in the Far East

The Chinese Year Book 1935-1936

The Chinese Year Book, 1935-36 (Premier Issue), Edited by Kwéi Chung-shu, Editor, The China Critic. Shanghai: Published under the auspices of the Chinese Year Book Publishing Company. Distributed by the Commercial Press, Limited.

It has often been felt by both foreigners and Chinese that the best interpreters of China and the Chinese people should be the Chinese themselves. Dr. Lin Yu-tang's recent book on "My Country and My People," which has received wide reception both at home and abroad, will no doubt answer a very useful purpose, aside from literary considerations. Now the reading public is presented another extremely useful publication, the Chinese Year Book 1935-1936, a reference book dealing with the many and varied aspects of Chinese affairs published for the first time entirely under Chinese editorship and management.

This premier issue is a voluminous work, containing about 2,000 pages and more than 50 chapters. Even the most cursory review will impress one with the vast wealth of material some of which is not available in any other publication of its kind.

That this maiden issue should contain some defects is understandable, especially in view of the fact that only one year was spent in its preparation. In his preface, the editor warns the public against possible errors and omissions owing to the rush in publication and the difficulty of obtaining complete and reliable statistical data in this country. Unfortunately, the present volume is a bit too bulky, but this is explained by the fact that, this being the premier issue, every chapter necessarily contains a historical survey in order to provide a proper background and to maintain continuity for future reference. With judicious pruning, the subsequent issues may be reduced to a more convenient size generally recognized by publishers in other countries. On the other hand, it is to be regretted that the book could not have been printed in larger format for the pages are slightly under five inches in width whereas a larger page would have made the book more attractive and easier to handle. Another criticism is the conspicuous omission of Manchuria, said to be due to "extraordinary circumstances" handicapping verification of data. Certainly there is a mass of useful and plain information that could be presented regarding that region. Facts are facts and should be presented in such a Year Book, politics aside.

It would be unkind, however, to harp on these and other minor defects in view of the general excellence of the publication. The editors and management, indeed, deserve high praise for the publication of this "all-Chinese" Year Book which represents the first successful effort in co-ordinating individual knowledge and learning in the materialization of a hope long cherished by those who desire an authentic book on Chinese affairs prepared by Chinese authors.

Obviously, the distinct feature of this Year Book lies in the fact that all the chapters are written by renowned Chinese scholars and experts who are not only intimately familiar with the subjects handled but are actually engaged in the various fields of endeavor. The advantages of obtaining contributions from such Chinese authorities are obvious, and such co-operative effort should be encouraged by all means.

Another noteworthy fact is that the book as a whole is framed on a platform of factuality, the writers laying emphasis on the impartial presentation of facts and figures rather than on the airing of individual opinions. This sound policy should be maintained in all future editions inasmuch as the function of a year book is to present true information, not to indulge in propaganda or controversy.

On the whole, all the chapters are well written, although a few seem to have been done in a rush. Apparently some of the authors, though perfectly capable of handling their respective subjects, were too busy to give them full justice.

The chapter on "Public Finance" contributed by P. T. Chen of the Ministry of Finance stands out conspicuously among all the contributed essays and deserves special mention. In fact, Mr. Chen's essay is a book within a book, containing in itself about 260 pages or over 200,000 words. It is fitting that the editor should, in his preface, acknowledge the merits of Mr. Chen's contribution and give special praise for his able and thorough treatise on this important subject. "This section," to quote the editor, "contains considerable data not yet available and is a distinct feature which should make the present volume invaluable to students of Chinese affairs." As a pioneer work, Mr. Chen's chapter describes vividly and impartially National China's efforts to modernize and improve its financial administration—its hopes, plans, achievements and pitfalls—a most interesting and significant phase of the country's task at reconstruction. In it all important Government orders, regulations, statements and reports regarding finance and taxation are either reproduced or summarized and digested, while the statistical data are taken from original sources available to the author,

who since 1928 has been serving in the Ministry of Finance in various capacities. The treatise is, indeed, an authority on the financial history of the National Government since its inauguration in 1928. Together with the essay on Banking, Currency and Credit appearing elsewhere in another chapter, it gives the most comprehensive and systematic survey ever published in the English language of the country's financial development during the past eight mere and of Bops.

C. C. C.



This is the first Chinese Year Book published under purely Chinese auspices and comes into direct competition with the Year Book published for many years by H. G. W. Woodhead.

The book opens with a chapter on "Topography" by G. Yun Chang, Professor of Topography of the National Central University. The list of contents in order is as follows:—Historical Sketch, by Ku Chieh-kang, Professor of Yenching University; Astronomy, by Yu Ching-sung, Director of National Research Institute of Astronomy; Climate, by Chu Coching, Director of Research Institute of Climatology, Academia Sinica; Population, by Tao Meng-ho, Director of Institute of Social Science, Academia Sinica; The Kuomintang, by Tsui Wen-wu, former chief of Press Bureau of the Kuomintang Central Headquarters; Central and Local Administrative Systems, by Kao I-han, member of the Control Yuan; Executive Yuan, by Peng Shao-pay, Director of Political Department of the Executive Yuan, Legislative Yuan, by Hsieh Pao-chiao, Director of Bureau of Legislative Research; Judicial Yuan, by Hsieh Kuan-sheng, Secretary-General of the Judicial Yuan; Examination Yuan, by Chen Tai-chi, Chairman of the Examination Commission, Control Yuan, by Chien Chi-shiu, member of the Control Yuan; The National Economic Council, by Chin Feng, Secretary-General of the N.E.C.; Foreign Relations 1928-1935, by M.T.Z. Tyau, former Director of Department of Intelligence and Publicity of the Foreign Ministry; Chinese Overseas, by Chen Chun-pu, member of Commission of Overseas Chinese Affairs; Education, by Wang Shih-chieh, Minister of Education; Physical Culture, by Chu Ming-yi, former Secretary-General of the Executive Yuan; Navy, by Admiral Chen Shao-kwan, Minister of Navy; The Army, by General Yang Chi, Commandant of National Military Academy; Aviation, by Yao Hsi-chiu, Secretary-General of China Aviation League; Railways, by Tseng Chung-min, former Vice-Minister of Railways; Shipping, by Ho Mo-lin, Manager of Shipping Department of China Merchants' Steam Navigation; Telecommunications, by Yen Jen-kwang, Director of Department of Telegraphs, of the Ministry of Communications; Post Office, by Chang Liang-jen, Director of Savings Department of Directorate General of Postal Remittances and Savings Bank; The National Development of Agricultural Science, in China, by Hsieh Chia-sheng, Director of the National Agricultural Research Bureau of the Ministry of Industry; Forestry, by Lin Tao-yang, Director of Department of Forestry, Ministry of Industry; Animal Husbandry, by Tsai Vougi, Commissioner of Government Testing Bureau of the Ministry of Industry; Fisheries, by Hou Chao-hai, Director of Department of Fishery of the Ministry of Industry; Rural Economy, by C. C. Chang, Chairman of the Rural Credit Committee of the Bank of China; Co-operative Movement, by Wang Chih-hsin, General Manager, Sin Hua Trust and Savings Bank; Labor, by Lowe Chuan-hua, former Industrial Secretary of the National Committee, Y.M.C.A.; Mining and Metallurgical Industry, by W. H. Wong, former Director of Geological Survey of China; Insurance, by Pan Hsueh-an, Managing-Director of Taishan Insurance Company; Motion Pictures, by Yao Kao, Sales Manager of Paramount Films of China; Hydraulic Engineering Works, by Li Hsieh, Chairman of Yellow River Commission; Famines, by Y. S. Jiang, Executive Secretary of the China International Famine Relief Commission; Commerce, by Chang Nai-chi, Vice-Manager of Chekiang Industrial Bank; Foreign Trade, by Ho Ping-yin, Director of Bureau of Foreign Trade; Industry, by D. K. Lieu, Director of China Institute of Economic and Statistical Research; Public Finance, by P. T. Chen, Secretary of the Ministry of Finance; Banking, Currency and Credit, by Miss Siao-mei Jiang, Director of Economic Research of the Bank of China; The Christian Movement in China under Protestant Auspices, by Lew Ting-fang, Professor of Theology of Yenching University; Mohammedanism, by Ha Kuo-tung; Health and Medicine, by J. Heng Liu, Director of National Health Administration.

P. T. Chen's Treatise on Public Finance to Be Printed Separately

The treatise on "Public Finance," contributed by P. T. Chen of the Ministry of Finance, contained in the Chinese Year Book, has been reprinted separately and will be available to the public at a price to be announced later.

French Lazaristes Describe Activities in 650-Page Volume

The Lazaristes at Peiping have published a volume of 650 pages in the French language describing the work of their missions in China in 1934-1935.

BORDER CLASHES CAUSE RUSSO-JAPANESE TENSION

(Continued from page 333)

Japanese and Manchukuo soldiers in civilian clothes, on the Soviet-Manchukuo border. To the protest, the Japanese Ambassador replied that he had not yet received any information regarding the affair and, therefore, was not in a position to make a definite statement. He emphasized, however, that the repetition of such unfortunate events on the Soviet-Manchukuo border was due entirely to the fact that the border was not clearly defined, and that it was impossible to conclude that the Japanese and Manchus crossed the border into Soviet territory. Later to-day, it was learned that the Foreign Minister, K. Hirota, has already conveyed the Soviet protest to Manchukuo. It was learned on reliable authority that the Foreign Minister would leave the matter to direct negotiations between the Soviet and Manchukuo authorities.

Tokyo, Feb. 1.—K. Hirota, Foreign Minister, to-day cabled Gen. Minami, Japanese Ambassador to Manchukuo, who is concurrently Commander-in-Chief of the Japanese Kwantung Army, asking for an immediate investigation and a report on the circumstances of the alleged invasion of Soviet soil by Japanese and Manchukuo soldiers on January 30.

Neutral Commission Not Favored

Tokyo, Feb. 4.—Reports that Soviet authorities have expressed a desire for the appointment of a neutral commission to investigate border disputes arising between the U.S.S.R. and Manchukuo have not been received cordially by the Foreign Office here.

The Tokyo War Office spokesmen Feb. 4 declared that the concentration of large Red forces in the Far East which "adopt an aggressive attitude upon every occasion and attempt to cause disturbances in Manchoukuo" was chiefly responsible for border incidents. He regretted the refusal of the Soviet Government to accept Japan's proposal for the organization of a border commission to demarcate the frontier between Soviet Russia and Manchukuo. The proposal of the Red Far Eastern Army, he continued, has apparently been caused by "internal circumstances."

"Frontier incidents," he concluded, "can be avoided only by the withdrawal of Soviet and Japanese troops from the frontier areas, or by a clear demarcation of the border line."

The proposal of the Red Far Eastern Army, he continued, has apparently been caused by "internal circumstances."

Japanese Military and Diplomats Confer on Attitude Towards Soviets

Officials from the Foreign, War and Navy Ministries met in Tokyo Feb. 3 for a comprehensive discussion of Japan's attitude towards Soviet Russia in the light of recent political and military developments in the Europe and in the Far East. While strict secrecy was maintained as to the conclusions reached by the assembled experts from the three branches of the Japanese Government, *Domei* hinted that the findings of the meeting will have a serious bearing on future Sino-Japanese relations.

Litvinoff Received by British King

King Edward VIII Jan. 29 received the Soviet Foreign Commissar, Maxim Litvinoff, who represented the Kremlin at the funeral of King George V. The audience was the first ever granted a Moscow statesman by Britain's ruler.

Roosevelt Asks Prompt Repeal of Cotton Law

A sensation was created in Washington Feb. 3 by President Roosevelt, who, in a message to Congress, proposed the "prompt repeal" of the Bankhead Cotton-Control Act, the Kerr-Smith Tobacco Act and the Potato Act of 1935. The President's message, which was very brief, declared: "This recommendation is made because of the termination of the program of agricultural adjustment to which the three acts are auxiliary."

Twenty Negro Convicts Burned to Death in Alabama

Twenty negro convicts locked in a wire cage were burned to death while being transported in a truck at Scottsboro, Ala., Jan. 3 when a drum of gasoline caught fire. The fire is stated to have occurred accidentally but the incident has intensified in an extreme degree the already tense racial animosity existing in that region.

Foreign Firms Absent When Oil Cartel Is Formed in Japan

With the Socony Vacuum Corporation and the British Rising Sun Petroleum Company conspicuously absent, representatives of six major Japanese oil firms Feb. 4 formed a cartel for the control of prices and the allocation of quotas. The two foreign concerns, respectively affiliated with the Standard and Shell interests, declined the invitation to participate in the discussions because of their opposition to the compulsory storage provisions in the Petroleum Industry Law.

The members of the cartel are: the Nippon Oil Company, the Soviet-Japanese Oil Company, the Kokura Oil Company, the Mitsubishi Oil Company, the Hayama Oil Company and the Aikoku Oil Company.

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Edited by Kwei Chungshu

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In the United States Court for China

In re.	Cause No. 4013
Estate	Special Proceedings
of	No. 1048
HARRY PALLESEN,	NOTICE
Deceased	Filed at Shanghai, China,
	January 29, 1936.
	William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HARRY PALLESEN, deceased, to present the same with vouchers to the undersigned on or before August 8, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. A. Reed, Administrator,

c/o Clerk U. S. Court for China,

Shanghai, China.

Shanghai, China.

China Goes In for Cultural Diplomacy

BY YEN YING-LU

ON November 28 the International Exhibition of Chinese art was opened at Burlington House in London, giving Western people for the first time an opportunity to see the most magnificent collection of priceless Chinese art treasures ever sent to the capital of a mighty empire. It is a matter of honor and pride that China contributed a great majority of the 4,000 art objects in the exhibition, ten other countries also contributing. The hearty permission of the Chinese Government to send these treasures and the sponsoring and help of the British Government and the Royal Academy authorities contributed largely to the realization of the exhibition. Indeed, it may be regarded as an unusual event making for a better understanding between China and Europe in general and closer friendly relations between China and Great Britain in particular. When the private view of the exhibition was held on November 27, the crowding brilliant assembly of British and foreign government notables attending it showed the international significance of the exhibition. It was reported that the whole Diplomatic Corps spent most of that day at Burlington House. So it was that Chinese art became a matter of moment, over which a diplomatic function took place. Never had it been such a center of world-wide interest in a Western country. The success of the exhibition has a further significance and that is the keen interest which the Chinese Government has taken in undertaking what is technically known as cultural diplomacy.

Cultural diplomacy may be defined as the promoting of the cultural relations of a nation by making the various phases of its cultural life and ideals understood rightly and favorably by other countries, and so increasing its prestige in the family of nations. In this a nation acts in quite the same way as the individual. As a rule, a nation has the desire to display to others whatever is intrinsically beautiful and valuable of its possessions. China is no exception to universal human nature.

China's Cultural Diplomacy

Influenced by the forces of Western nationalism, China in recent years has become self-assertive and emulated Western countries in propagating and revitalizing her cultural possessions and ideals as a means for national advancement. The New Life Movement, the frequent holding of exhibitions of paintings, native products and historic monuments and relics are indeed some of the manifestations of Chinese national life as seen in Nanking, Peiping and other cities. This intense interest in national culture has naturally given rise to the urge to promote in foreign countries wider interest and better understanding of the various aspects of Chinese cultural life. The five month's tour of Dr. Mei Lan-fang and Miss Butterfly Wu, accompanied by a troupe of actors and musicians, through European capitals was another recent unusual activity under the auspices of the Chinese Government in the line of cultural diplomacy. From their arrival in Moscow on March 12 and on their successive visits to the different capitals, they were greeted with the most enthusiastic receptions by the diplomatic officials, cultural and educational leaders of six countries. Chinese dramatic art was given a triumphant presentation by Dr. Mei for five days in Moscow and other cities. The praise of the European critics and the appreciative comment of the Russian and English press, evoked by his performances, showed us the wide and keen curiosity with which the peoples of European countries tried to understand an Eastern art, which had never before been presented to them in so beautiful and triumphant a manner.

Cultural Exchanges in the Past

The cultural relations between China, the U.S.A. and Great Britain have been of long duration and have shown signs of getting closer than ever. The remission by the United States Government of its share of the Boxer Indemnity has been justly regarded as a move of liberal diplomacy for the cultivation of friendship with an Eastern nation. The founding of Tsing Hua College and the sending of large numbers of Chinese students from this college to the U.S.A. for study has ever since 1908 had great effects in stimulating cultural exchanges between the two countries. The closer cultural ties have also encouraged and promoted their trade relations. The ideals of British liberalism, parliamentary institutions and the English language have carried the ramifications of British culture to the inner nature of Chinese cultural life. It is true that trade was at first the dominant factor in Sino-British intercourse. But thanks to the various diplomatic, naval and economic missions, the sending of Chinese students to England and the exchange of professors, the influx of British educational and scientific contributions into China has been kept fairly constant. Since the remission of the British share of the Boxer Indemnity in 1922, Sino-British relations have become still closer on account of the increase of activities for the encouraging and improving of

the cultural exchanges between the two countries. The number of Chinese students going on the support of the indemnity funds to England for study has been multiplied. As attested by the Burlington House art exhibition, a give-and-take basis mutually beneficial to both countries has been established for the forging of further cultural ties between them.

Cultural diplomacy is different from what are known as "Power diplomacy" and "Dollar diplomacy," because it needs no backing of force, nor ought it to be tainted by considerations of commercialism. Cultural diplomacy does not necessarily require full-dressed diplomats, much less secret agents, for its work. Yet no other kind of diplomacy can place the friendly relations of two countries on a more lasting and worth-while basis than cultural diplomacy. As Chinese cultural agents, our artists, actors and professors, on account of their own talents and popularity, can gain a candid hearing and favorable response from the peoples of foreign countries when they are impressed by their demonstrations of the genius and beauties of Chinese cultural creations. So in a way they are better diplomats for the promoting of Sino-foreign relations.

International cultural exchange follows the inevitable economic and natural laws, and it cannot be deflected or frustrated by ill-will and armed force. Nowadays it has been proved that trade does not necessarily follow the flag. Really it is mutual advantage out of the exchange of their mutual material needs that stimulates and keeps up the trade relations between two countries. All the more so are their cultural relations. The mutual needs of those things that make their life richer and more beautiful naturally call for exchanges between the two varieties of culture. The cultural creations, be it material or spiritual, of a nation cannot be hid under a bushel. If she has charming works of art or an invention benefiting mankind or a drama of universal appeal, these contributions will be inevitably appreciated and adopted by other nations through ordinary peaceful international intercourse. Such an international exchange of cultural needs is possible between any two nations without regard to their relative sizes, resources or armaments. A nation of one type of culture may very well adopt the good points of another type if it contributes to the former's welfare to do so and is done of her own free will. According to the Confucian ideals, the advanced and strong nations should gain dominion over other peoples only through the influence of their culture. This should be done only for the altruistic purpose of making the latter's lives civilized and contented, but should not be contaminated by base motives with the aid of armed forces.

A Peaceful Method of Approach

Several natural causes have made China one of the countries best fitted for the undertaking of cultural diplomacy. Owing to her vast area, great population and rich natural resources, her culture has become mature and manifold, giving its impress and spirit to the cultures of other countries in the Far East. Then Chinese settlers in foreign countries numbering about 10,634,700 are the busy and reliable propagators of this culture. With industrious habits and business acumen, these overseas Chinese, such as those in Siam, Annam, Singapore, the Philippine Islands and Australia, have always formed themselves into stable communities and won key positions in the economic life of their adopted countries. They may be regarded as great assets for China in the way of making so many links for the spread of Chinese cultural life to foreign countries.

There are many high officials in the National Government at present who have been very active in promoting Chinese culture both at home and abroad. In fact, the Kuomintang is largely imbued with the ideals of preserving and propagating all that is best in Chinese cultural life. It was the conviction of the late Dr. Sun Yat-sen that of all the influences those of race and culture are the strongest and safest in forming a permanent and unified nation. There is hardly any other more peaceful and effectual means for the advancement of China's international position than the propagating of Chinese national culture.

So the National Government in recent years has with great concern set itself the task of preserving the good things of Chinese culture as well as of demonstrating them to foreign peoples. Various schemes have been carried out with enthusiasm for the purpose of making Chinese culture widely known and better understood in foreign countries. This publicity work has been shared among several organs of the Central Government, such as the Publicity Ministry, the Overseas Chinese Party Affairs Planning Committee and the Cultural Enterprise Planning Committee under the Central Executive Committee of the Kuomintang. The subsidizing by the Government of the various Sino-foreign cultural associations speaks volumes for its concern in furthering cultural exchange between China and foreign countries. Thus all the agencies and forces available, such as the press, the motion picture, private bodies of artists and actors, the universities and Chinese diplomatic agents abroad, have all been rallied under the national banner for the object of not only diffusing a better knowledge of things Chinese but also refuting and correcting all false and derogatory ideas about Chinese culture, in foreign countries.

Nanking January 27, 1936.

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1935-36		Div. \$	STOCKS	Last Sale	
High	Low			Feb. 3	Feb. 4
12 3/4	4 1/4	0.10	Adams Express	12 3/4	12 3/4
149 1/2	110	4.00	American Can	124 1/4	125 1/4
35 1/4	20 1/4	0.40	Amer. Cyanamid "B"	34 1/4	34 1/4
9 1/4	2	—	American & For. Power	8 1/4	8 3/4
42	14	—	American & Foreign Pwr. \$7 pfd.	37 1/4	38 1/4
27 1/4	10 1/4	—	American Radiator	23 1/4	24 1/4
162 1/4	98 1/4	9.00	American Tel. & Tel.	162 1/4	164 1/4
107	74 1/4	5.00	American Tobacco "B"	107	107 1/4
28 1/4	7 1/4	—	American Waterworks	23	22 1/4
31 1/4	8	—	Anaconda Copper	31 1/4	30 1/4
75 1/4	35 1/4	2.00	Atchafalpa, T. & S. Fe	75 1/4	75 1/4
45 1/4	15	—	Auburn	45 1/4	42
18 1/4	7 1/4	—	Baltimore & Ohio	18 1/4	18 1/4
51 1/4	21 1/4	—	Bethlehem Steel	51 1/4	52 1/4
26 1/4	6 1/4	—	Boeing Airplane Co.	26 1/4	25
18 1/4	8 1/4	—	Canadian Pacific Railway	18 1/4	18 1/4
11 1/4	4 1/4	—	Case, J. I.	10 1/4	10 1/4
47 1/4	20 1/4	1.40	Chase National Bank	40 1/4	40
73 1/4	38	3.00	Chesapeake Corp.	73 1/4	74
58 1/4	37 1/4	2.80	Chesapeake & Ohio	58 1/4	58 1/4
94	31	3.00	Chrysler	94	93 1/4
16 1/4	8 1/4	0.20	Columbia Gas & Electric	16 1/4	16
23 1/4	16 1/4	0.60	Coml. Solvents	20 1/4	21 1/4
4 1/4	0 1/4	—	Commonwealth & Southern (ord.)	4 1/4	4 1/4
36 1/4	15 1/4	1.00	Consolidated Gas of N. Y.	35 1/4	34 1/4
15	6 1/4	0.25	Consolidated Oil	15	14 1/4
37 1/4	15 1/4	37 1/4	Continental Oil	36 1/4	37 1/4
73 1/4	60	3.00	Corn Products	70 1/4	70 1/4
147	86 1/4	0.75	Douglas Aircraft	147	146
20 1/4	3 1/4	3.60	Du Pont de Nemours	19 1/4	18 1/4
40 1/4	20 1/4	—	Electric Bond & Share	40 1/4	40 1/4
37 1/4	30	0.80	General Electric	37 1/4	37 1/4
60 1/4	26 1/4	1.30	General Foods	60 1/4	59
49	15 1/4	2.00	General Motors	49	50
22	14 1/4	1.00	General Railway Signal	22	21 1/4
28 1/4	15 1/4	1.20	Gold Dust	28 1/4	28 1/4
73 1/4	44	—	Goodyear Tire & Rubber	73 1/4	73 1/4
49 1/4	22 1/4	1.00	Humble Oil	49 1/4	48 1/4
17 1/4	5 1/4	1.00	International Nickel	17 1/4	17
34 1/4	13 1/4	—	International Tel. & Tel.	34 1/4	34
55 1/4	31 1/4	0.80	Kennecott	55 1/4	53 1/4
26 1/4	18 1/4	2.00	Loew's Inc.	26 1/4	25 1/4
96 1/4	55	1.20	Lorillard	96 1/4	96 1/4
40 1/4	21 1/4	1.00	Monsanto Chemical	40 1/4	39
41 1/4	18 1/4	—	Montgomery Ward	41 1/4	35 1/4
23 1/4	12 1/4	1.00	National City Bank	23 1/4	22 1/4
34 1/4	23 1/4	1.20	National Dairy Prods.	29	30
14 1/4	4 1/4	2.00	National Distillers	14 1/4	12 1/4
34 1/4	12 1/4	0.60	National Power & Lt.	34 1/4	35
29 1/4	9	0.10	New York Central	29 1/4	29 1/4
33 1/4	13 1/4	1.00	North American	33 1/4	35
56	19	1.50	Pacific Gas & Electric	56	56
8 1/4	3 1/4	2.40	Pacific Lighting	8 1/4	8 1/4
36	17 1/4	—	Packard Motors	36	35 1/4
44	13 1/4	1.00	Pennsylvania Railroad	44	44
48 1/4	20 1/4	1.00	Phillips Petroleum	48 1/4	46 1/4
14 1/4	4	2.40	Public Serv. of N.J.	14 1/4	12 1/4
58 1/4	44 1/4	—	Radio Corporation	58 1/4	58 1/4
56 1/4	22	1.00	Reynolds Tobacco "B"	56 1/4	56 1/4
69 1/4	31	—	Schenley	69 1/4	68 1/4
16 1/4	10 1/4	2.00	Sears Roebuck	16 1/4	17
28 1/4	10 1/4	0.30	Socoy-Vacuum	28 1/4	27 1/4
30 1/4	12 1/4	1.50	Southern California Edison	30 1/4	31
19 1/4	12 1/4	—	Southern Pacific	19 1/4	15 1/4
60 1/4	35 1/4	0.80	Standard Brands	60 1/4	60 1/4
68	58 1/4	—	Standard Gas & Electric	68	65 1/4
36	28 1/4	1.00	Standard Oil Co. of N. Y.	36	35 1/4
14	4 1/4	3.80	Sterling Products	14	13 1/4
75 1/4	44	2.00	Texas Gulf Sulphur	75 1/4	76 1/4
123 1/4	82 1/4	0.30	Transamerica	123 1/4	123 1/4
30 1/4	9 1/4	2.00	Union Carbide & Carbon	30 1/4	28 1/4
17 1/4	4 1/4	—	Union Pacific	17 1/4	16 1/4
8 1/4	1 1/4	—	United Aircraft (New)	8 1/4	8 1/4
19 1/4	9 1/4	—	United Airline Trans.	19 1/4	19 1/4
50 1/4	35 1/4	1.00	United Corporation	50 1/4	49 1/4
19 1/4	9 1/4	2.00	United Gas Improvement	19 1/4	18 1/4
51 1/4	27 1/4	—	U.S. Indus. Alcohol	51 1/4	51 1/4
24 1/4	11 1/4	—	U.S. Rubber	24 1/4	23 1/4
12 1/4	2 1/4	—	U.S. Steel	12 1/4	12 1/4
118 1/4	32 1/4	—	Vanadium	118 1/4	119 1/4
		1.00	Warner Bros. Pictures		
			Westinghouse Electric		

Call Money: 0 1/2 %

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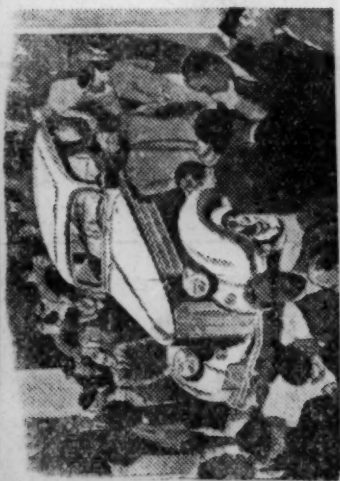
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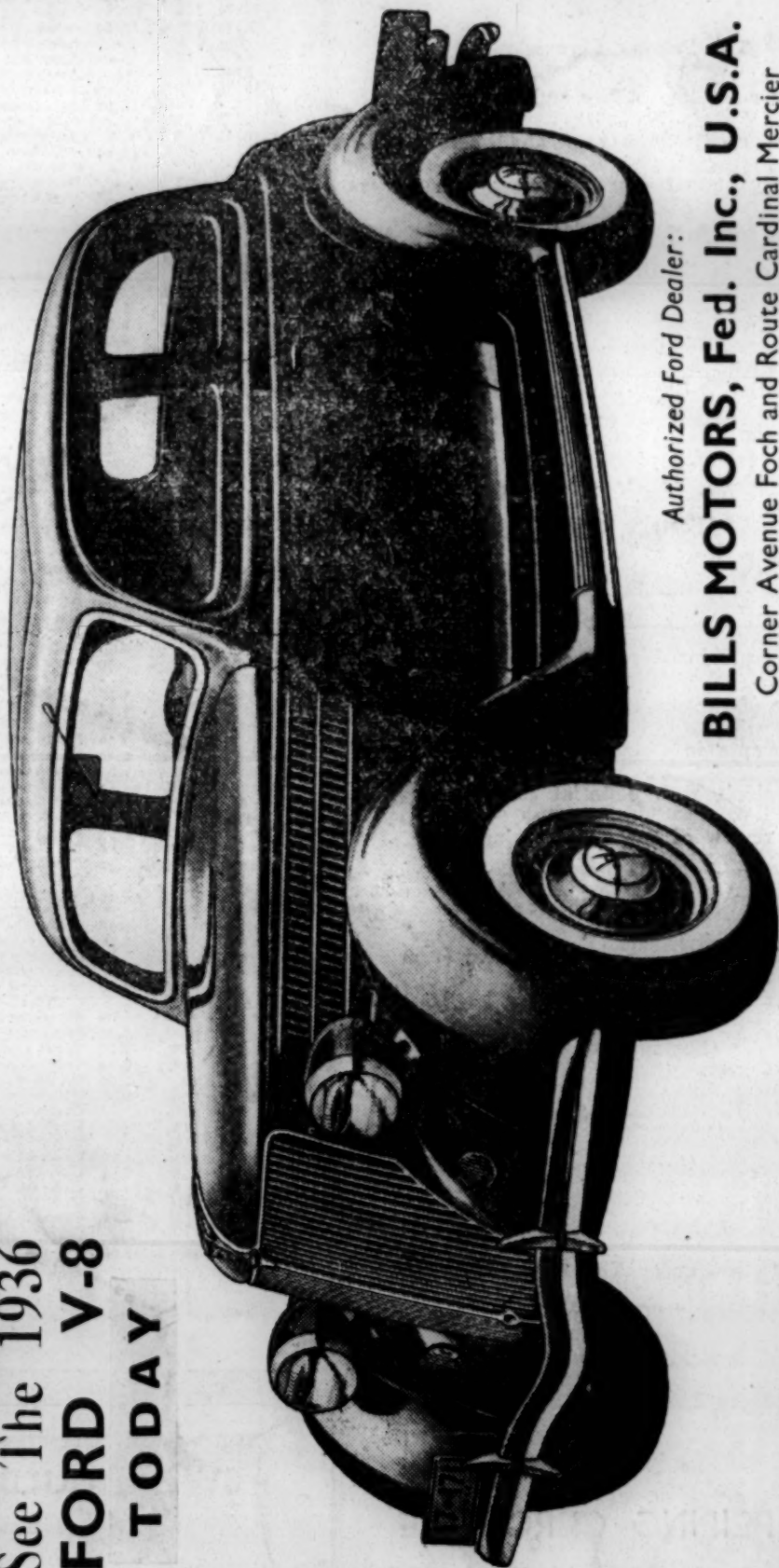
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